

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

Spokane Housing Authority
Spokane County

Audit Period
July 1, 2010 through June 30, 2011

Report No. 1007408

Issue Date
March 26, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

March 26, 2012

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Spokane Housing Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Federal Summary

Spokane Housing Authority Spokane County July 1, 2010 through June 30, 2011

The results of our audit of the Spokane Housing Authority are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements of the business-type activities and aggregate discretely presented component units.

Internal Control Over Financial Reporting:

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

FEDERAL AWARDS

Internal Control Over Major Programs:

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.

We reported findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$873,105.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

Schedule of Federal Audit Findings and Questioned Costs

Spokane Housing Authority Spokane County July 1, 2010 through June 30, 2011

1. **Spokane Housing Authority did not correctly calculate family income, resulting in incorrect Housing Assistance Payments to program participants.**

CFDA Number and Title:	14.871 Housing Choice Vouchers
Federal Grantor Name:	U. S. Department of Housing and Urban Development
Federal Award/Contract Number:	S-0013V
Pass-through Entity Name:	NA
Pass-through Award/Contract Number:	NA
Questioned Cost Amount:	\$37,109 in housing assistance overpayments, \$21,484 in housing assistance underpayments

Background

The Housing Authority received \$26.8 million for the Section 8 Housing Choice Voucher program in fiscal year 2011. The program is designed to aid very low-income families in obtaining decent, safe and sanitary rental housing by issuing vouchers. The grantor approved the Authority to issue 4,720 Housing Choice Vouchers for the year ended June 30, 2011

The Authority accepts applications for rental assistance, selects eligible applicants and issues vouchers after confirming eligibility for assistance. The family must then locate and lease a suitable dwelling. The Authority pays the property owner a portion of the rent on behalf of the family.

The Housing Authority must ensure only eligible applicants are admitted to the program, determine the appropriate amount of housing assistance payments and utility allowances and maintain complete and accurate records to support payments in accordance with federal requirements and its own administrative plan. Eligibility requirements include determining the family meets certain income limits. The calculation of family income affects the amount of assistance for each family.

Description of Condition

We selected a random sample of 29 tenant files and found three contained income calculation errors:

- The Authority incorrectly converted weekly income information to annual income using a monthly calculation for one tenant, resulting in an annual overpayment of \$228.

- The Authority did not properly deduct a disability allowance from a tenant's income, resulting in an annual underpayment of \$119.
- The Authority miscalculated child support that was paid to one tenant, resulting in an annual underpayment of \$13.

Cause of Condition

The income verification process is a manual, labor intensive process that varies for each participant. Although the Authority has developed a control process that includes obtaining the required documents and a supervisory review of some income calculations, clerical errors in calculating family income occurred.

Effect of Condition and Questioned Costs

The calculation errors resulted in incorrect housing assistance payments.

- Our audit identified overpayments of \$228. Based on our sample, we estimate that likely overpayments are \$36,881, for a total questioned cost amount of \$37,109.
- Our audit identified underpayments of \$132. Based on our sample, we estimate that likely underpayments are \$21,352, for a total questioned cost amount of \$21,484.

Recommendation

We recommend the Housing Authority:

- Improve the accuracy of family income determinations to ensure housing assistance payments are correctly calculated.
- Consult with the U.S. Department of Housing and Urban Development about repayment of questioned costs identified in this finding.

Housing Authority's Response

We acknowledge the errors discovered and as much as we do not want findings on our audit, we appreciate the findings as highlighting further need to train our staff to help them appreciate the seriousness of what may be perceived as minor errors. Specifically, based on the sample of 29 cases, and the specific three files containing the errors found, could indicate a leveraged higher error amount.

We view these finding as lessons learned to improve and enhance our program documentation and auditing of each file. In addition, we will be consulting HUD program staff about repayment of the questionable costs identified.

Auditor's Remarks

We appreciate the Authority's commitment to resolving these issues. We will review the condition during our next audit.

Applicable laws and Regulations

Title 24 of the Code of Federal Regulations Section 982.153 states:

The PHA must comply with the consolidated ACC, the application, HUD regulations and other requirements, and the PHA administrative plan.

Title 24 of the Code of Federal Regulations Section 5.653 states in part:

Section 8 project-based assistance programs: Admission—Income eligibility and income-targeting.

(b) *Who is eligible?*—(1) *Basic eligibility.* An applicant must meet all eligibility requirements in order to receive housing assistance. At a minimum, the applicant must be a family, as defined in § 5.403, and must be income-eligible, as described in this section. Such eligible applicants include single persons.

(e) *Income used for eligibility and targeting.* Family annual income (see § 5.609) is used both for determination of income-eligibility and for income targeting under this section.

Title 24 of the Code of Federal Regulations Section 982.516 states in part:

Family income and composition: Regular and interim examinations.

(a) *PHA responsibility for reexamination and verification.*

(1) The PHA must conduct a reexamination of family income and composition at least annually.

(2) The PHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available:

(i) Reported family annual income;

(ii) The value of assets;

(iii) Expenses related to deductions from annual income;
and

(iv) Other factors that affect the determination of adjusted income.

Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, states in part:

Section .510

(a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

(3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program Known questioned costs are those specifically identified by the auditor In evaluating the effect of questioned costs on the opinion on compliance the auditor considers the best estimate of total costs questioned (likely questioned costs) not just the questioned costs specifically identified (known questioned costs) The auditor shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

Spokane Housing Authority
Spokane County
July 1, 2010 through June 30, 2011

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Spokane Housing Authority, Spokane County, Washington, as of and for the year ended June 30, 2011, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated February 23, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Heritage Heights Apartments Limited Partnership, Westfall Village Apartments Limited Partnership, Cornerstone II – The Borning Building Limited Partnership and Cornerstone II – Helena Apartments Limited Partnership, as described in our report on the Housing Authority's financial statements. Those financial statements were not audited in accordance with Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, flowing script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

February 23, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**Spokane Housing Authority
Spokane County
July 1, 2010 through June 30, 2011**

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

COMPLIANCE

We have audited the compliance of the Spokane Housing Authority, Spokane County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2011. The Housing Authority's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Housing Authority's response to the finding identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. We did not audit the Housing Authority's response and, accordingly, we express no opinion on it.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

February 23, 2012

Independent Auditor's Report on Financial Statements

Spokane Housing Authority Spokane County July 1, 2010 through June 30, 2011

Board of Commissioners
Spokane Housing Authority
Spokane, Washington

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Spokane Housing Authority, Spokane County, Washington, as of and for the year ended June 30, 2011, which collectively comprise the Housing Authority's basic financial statements as listed on page 12. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Heritage Heights Apartments Limited Partnership, Westfall Village Apartments Limited Partnership, Cornerstone II – The Borning Building Limited Partnership, Cornerstone II – Helena Apartments Limited Partnership, which 100% of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Heritage Heights Apartments Limited Partnership, Westfall Village Apartments Limited Partnership, Cornerstone II – The Borning Building Limited Partnership and Cornerstone II – Helena Apartments Limited Partnership were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units and remaining fund information of the Spokane Housing Authority, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD forms are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The combining statements for the Housing Authority's programs and tax credit partnerships are not a required part of the basic financial statement but are supplementary information presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name and title.

BRIAN SONNTAG, CGFM
STATE AUDITOR

February 23, 2012

Financial Section

Spokane Housing Authority Spokane County July 1, 2010 through June 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2011

BASIC FINANCIAL STATEMENTS

Statement of Net Assets – 2011
Statements of Revenue, Expenses and Changes in Net Assets – 2011
Statements of Cash Flows – 2011
Notes to Basic Financial Statements – 2011

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards – 2011
Notes to the Schedule of Expenditures of Federal Awards – 2011
Financial Data Schedules – 2011
Actual Modernization Cost Certificate – WA19P055501-07
Actual Modernization Cost Certificate – WA19P055501-08
Actual Modernization Cost Certificate – WA19P055501-09
Actual Modernization Cost Certificate – WA19PS05550109
Combining Statement of Net Assets – 2011
Combining Statement of Revenues, Expenses, and Changes in Net Assets – 2011
Combining Statement of Cash Flows – 2011
Combining Statement of Net Assets – Component Units – 2010
Combining Statement of Revenues, Expenses, and Changes in Net Assets –
Component Units – 2010
Combining Statement of Cash Flows – Tax Credit Partnerships – 2010

Spokane Housing Authority

Management's Discussion and Analysis

This narrative overview and analysis of the Spokane Housing Authority's (SHA) performance through June 30, 2011 is provided as a supplement to SHA's year-end financial statements. Please read it in conjunction with the basic financial statements and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

SHA's financial statements are designed so that all activities of SHA, except the tax credit limited partnerships in which SHA is general partner, are reported as one total, and the tax credit limited partnerships are reported as component units in a separate total. There are five tax credit limited partnerships in which SHA was the general partner during the year ended June 30, 2011:

- Heritage Heights Apartments Limited Partnership (dissolved August 10, 2010)
- Westfall Village Apartments Limited Partnership (dissolved August 10, 2010)
- Cornerstone II – The Borning Building Limited Partnership (formed in 2006)
- Cornerstone II – Helena Apartments, Limited Partnership (formed in 2007)
- Martindale Apartment Limited Partnership - The Agnes Kehoe Place (formed in 2009)

All component units have a December 31st year-end and are reported as of December 31, 2010 in the financial statements. On August 9, 2010, SHA entered into a Real Estate Purchase and Sale Agreement with the Heritage Heights Apartments Limited Partnership and the Westfall Village Apartments Limited Partnership whereby the Authority purchased the assets of each of the partnerships and the partnerships were dissolved. See Notes 10 and 15 in the Notes to the Basic Financial Statements for additional information on the tax credit partnerships and SHA's relationship to them.

SHA consists exclusively of enterprise funds. Enterprise funds utilize the accrual basis of accounting, and are reported with the same method as that used by private sector accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of SHA are included in the statements of net assets.

All tables in the Management's Discussion and Analysis feature the Housing Authority only and do not include the component units.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to SHA's basic financial statements. SHA's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional disclosure of some of the information in the basic financial statements.

The **Statement of Net Assets** present information on SHA's assets and liabilities with the difference between the two reported as net assets. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net assets may serve as useful indicators as to whether SHA's financial health is improving or deteriorating.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

The **Statements of Revenue, Expenses, and Changes in Net Assets** present information showing how SHA's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The **Statements of Cash Flows** report how SHA's cash and cash equivalents were used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the period reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances as of June 30, 2011. SHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

FINANCIAL HIGHLIGHTS

- Total net assets increased by approximately \$873 thousand (11.50%) from 2010 to 2011. This is primarily related to an increase in governmental grants and tenant revenues (due to the transition of Heritage Heights and Westfall Village Apartments to the governmental category).
- The assets of SHA exceeded liabilities at June 30, 2011 by approximately \$8.5 million (net assets). Of this amount, approximately \$3.1 million (unrestricted net assets and net assets invested in capital assets, net of related debt) may be used to meet ongoing obligations, and \$5.4 million is restricted as to its allowable usage.
- Current and noncurrent liabilities increased by approximately \$4.9 million (24%) from the prior year in 2011. The changes are due to fluctuations in the timing of due dates and subsequent payments of liabilities, as well as the issuance of Build America Bonds and assumption of liabilities for the purchase of Heritage Heights Apartments and Westfall Village Apartments from their respective Limited Partnerships.
- Total revenues remained stable in comparison to 2010 with an increase of approximately \$36 thousand (.11%). Government grants comprised mainly of the Housing Choice Voucher Program and Public Housing Operating Subsidy increased by approximately \$725 thousand (2.5%). Tenant revenue increased over prior year by approximately \$500 thousand (17%), which is partially attributed to the purchase of the Heritage Heights and Westfall Village Apartments. Other operating revenues decreased from 2010 by approximately 1.2 million (66%), reflecting a decrease in developer and management fees.
- Total expenses increased by approximately \$735 thousand (2%) from 2010 expense levels. This is primarily due to an increase in housing assistance payments, and administrative salary and benefits, as well as a decrease in other operating revenues.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

FINANCIAL ANALYSIS

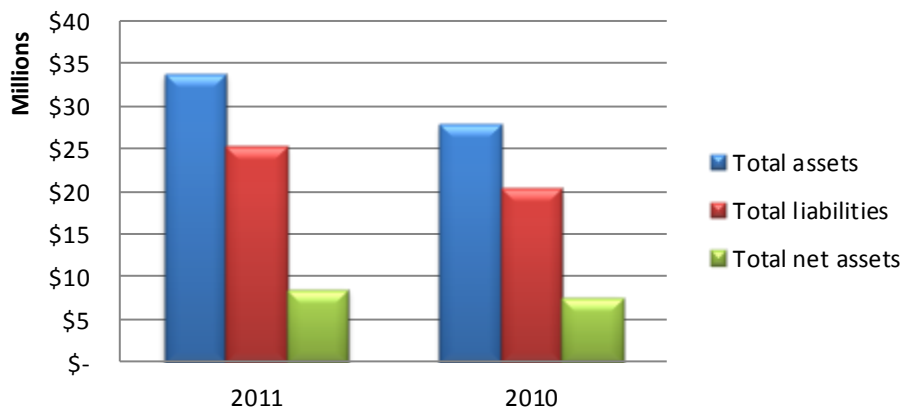
Net Assets

The following table represents the condensed Statement of Net Assets:

	2011	2010
Current assets, unrestricted	\$ 4,880,869	\$ 5,582,594
Other current assets, restricted	5,021,227	2,686,113
Noncurrent assets, restricted	1,195,235	641,263
Other noncurrent assets	499,604	681,356
Capital assets, net	22,135,963	18,335,286
Total assets	<u>\$ 33,732,898</u>	<u>\$ 27,926,612</u>
Current and other liabilities	\$ 2,006,309	\$ 2,435,639
Long-term liabilities	23,264,137	17,901,305
Total liabilities	<u>\$ 25,270,446</u>	<u>\$ 20,336,944</u>
Net assets		
Invested in capital assets, net of related debt	(363,848)	10,627
Restricted	5,380,446	2,621,831
Unrestricted	3,445,854	4,957,210
Total net assets	<u>\$ 8,462,452</u>	<u>\$ 7,589,668</u>

The following presents the Statement of Net Assets in graphical form:

Statement of Net Assets



- Unrestricted current assets are comprised of unrestricted cash, receivables, prepaid items and inventories. Unrestricted current assets are approximately 13% lower at June 30, 2011 than June 30, 2010, which represents a decrease of approximately \$700 thousand.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

- Restricted current assets are comprised of restricted cash that is restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. In 2011, restricted current assets increased by approximately 87% or \$2.3 million. This increase primarily relates to increased Housing assistance payment reserves for the Housing Choice Voucher Program.
- Capital assets include land, buildings, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets increased by approximately 21% or \$3.8 million from June 30, 2010 to June 30, 2011. This increase is primarily related to capital asset purchases during the current year, as well as the purchase of Heritage Heights and Westfall Village Apartments.
- Total liabilities of SHA, which are segregated between current and noncurrent portions, amounted to \$25,270,446 at June 30, 2011.
- Current liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, deferred revenue and current portion of notes payable. Current liabilities decreased by 18% from 2010 to 2011, a change of approximately \$400 thousand. The fluctuations are primarily a result of the timing of payments to vendors.
- Long-term liabilities consist of notes payable and the long-term portion of compensated absences. Increases in long-term liabilities were approximately \$5.4 million from 2010 to 2011, and are attributed to the purchase of the Heritage Heights and Westfall Village Apartments through the issuance of Build America Bonds.
- Net assets represent the equity of SHA after liabilities are subtracted from assets. Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, shows SHA's deficit in land, buildings, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The current deficit is related to the recent purchase of the Heritage Heights and Westfall Village Apartments using Build America Bonds. A portion of the related debt issued has been set aside in restricted assets for future rehabilitation of the properties. The second category, restricted net assets, has external limitations on the way in which these assets can be used. The last category, unrestricted net assets, is available to be used for any lawful and prudent SHA purpose. Total net assets of SHA increased by approximately \$873 thousand from 2010 to 2011.
- SHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of SHA's ability to pay short-term obligations. At June 30, 2011, SHA's current ratios were 4.94:1. This means that for every dollar in current liabilities there is \$4.94 in current assets.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

Revenue, Expenses and Changes in Net Assets

The following table compares the revenues and expenses for the current and previous fiscal years:

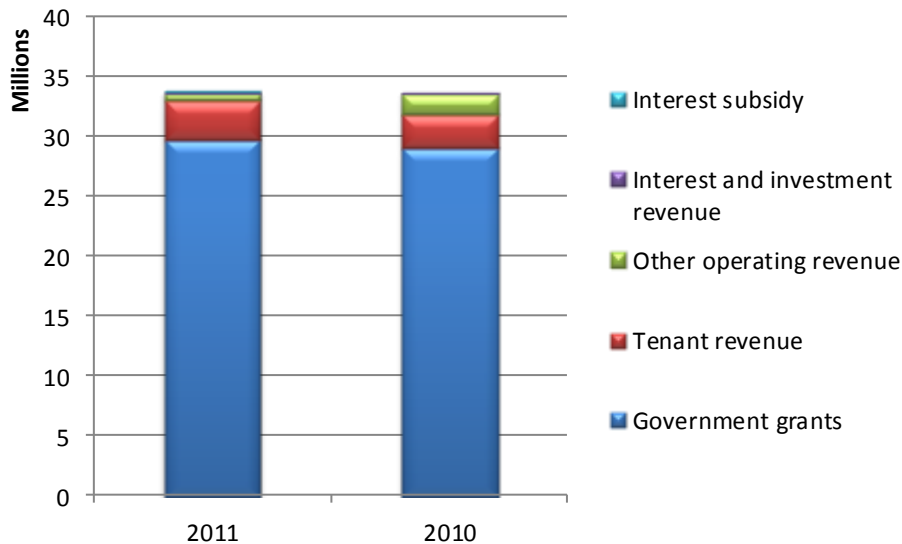
	2011	2010
Operating Revenue:		
Government grants	\$ 29,795,411	\$ 29,070,201
Tenant revenue	3,286,609	2,807,041
Other operating revenue	620,835	1,806,961
Non-operating Revenue:		
Interest and investment revenue	23,642	51,265
Interest subsidy	44,747	-
Total revenue	<u>33,771,244</u>	<u>33,735,468</u>
Expenses:		
Operating expenses	32,417,960	31,832,974
Non-operating expenses	1,006,587	856,520
Total expenses	<u>33,424,547</u>	<u>32,689,494</u>
Income (Loss) Before Other Revenues, Expenses,		
Gains, Losses, and Transfers	346,697	1,045,974
Contributions, special/extraordinary items, transfers	<u>526,087</u>	<u>409,144</u>
Increase in net assets	872,784	1,455,118
Net assets, beginning of year	<u>7,589,668</u>	<u>6,134,550</u>
Net assets end of year	<u>\$ 8,462,452</u>	<u>\$ 7,589,668</u>

Revenues increased by approximately \$36 thousand, or .11% in 2011, due to an increase in both governmental grants and tenant revenues, which was mainly attributed to increased leasing rates of Housing Choice Program Vouchers and additional tenant revenues from the purchase of Heritage Heights and Westfall Village Apartments.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

The following compares the revenues for the current and previous fiscal years in graphical format:



Total expenses increased by approximately \$735 thousand, or 2% from 2010 to 2011.

- Administrative expenses increased by approximately 13% (approximately \$255 thousand) in 2011.
- Other operating expenses decreased by approximately 55% (approximately \$1.8 million) in 2011.
- Utility expenses increased by approximately 20% (\$90 thousand).
- Maintenance expenses increased by approximately 88% (approximately \$783 thousand).
- General expenses increased by approximately 258% (approximately \$184 thousand).
- Housing assistance payments increased by approximately 4% (approximately \$967 thousand).
- Depreciation and amortization increased by approximately 10% (approximately \$106 thousand).
- Interest expense increased by approximately 18% (approximately \$176 thousand).
- Amortization and bond issuance costs decreased by 55% (approximately \$26 thousand).

The increases to operating costs are significantly impacted by the purchase of Heritage Heights and Westfall Village Apartments.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

Capital Assets and Debt Administration

SHA's capital assets are summarized in the table below:

	June 30, 2011	June 30, 2010
Land	\$ 2,765,539	\$ 2,475,163
Buildings	29,045,164	24,787,144
Furniture, equipment & machinery - dwellings	1,136,382	1,116,775
Furniture, equipment & machinery - administration	774,227	716,975
Leasehold improvements	3,138,526	2,983,593
Construction in progress	442,735	200,889
Total capital assets	37,302,573	32,280,539
Less accumulated depreciation	(15,166,610)	(13,945,253)
Net capital assets	\$ 22,135,963	\$ 18,335,286

Capital assets increased by \$3.8 million from 2010 to 2011, which represents an increase of 21%. This increase was primarily due to the purchase of the Heritage Heights and Westfall Village Apartments. In 2011, approximately \$1.2 million of depreciation expense was recognized. Additional information on SHA's capital assets can be found in Note 4 to the basic financial statements.

SHA's outstanding long-term debt is summarized in the table and graph below:

	June 30, 2011 (In Thousands)	June 30, 2010 (In Thousands)
Bonds Payable:		
Cedar West Apartments	\$ 2,295	\$ 2,360
Heritage Heights Apartments	1,744	-
McDonald Manor Apartments	135	139
Valley 206 Apartments	8,586	8,737
Westfall Village Apartments	3,171	-
Woodhaven Apartments	2,634	2,692
Mortgages Payable:		
Impact Capital - Agnes Kehoe Place	-	40
McDonald Manor Apartments	551	564
Authority Office Building	472	489
Hifumi En Apartments	525	544
Deferred and Other Debt:		
Heritage Heights	200	-
Westfall Village	350	-
Cedar West Apartments	518	515
Courtview Apartments	140	140
Hifumi En Apartments	1,027	1,023
Newark Apartments	152	152
Authority Note for purchase of Agnes Kehoe Place	-	664
Authority Development Line of Credit	-	266
	\$ 22,500	\$ 18,325

All debt service payments were made in 2011 and 2010 as scheduled. Additional information on SHA's long-term debt can be found in Note 5 to the basic financial statements.

Spokane Housing Authority

Management's Discussion and Analysis (continued)

ECONOMIC FACTORS AFFECTING SHA'S FUTURE

The majority of SHA's funding is from Federal agencies in the form of operating subsidies, capital fund grants, Housing Choice Vouchers, and other various grants. HUD appropriations are based on a calendar year; however, SHA has a fiscal year ending June 30th. The Public Housing Program operating subsidy was funded by HUD at 103% of the Authority's eligibility for the calendar year 2010 and 100% for calendar year 2011; therefore, SHA received approximately 101.5% of the funding eligibility for the 2011 Fiscal Year. HUD has not yet established the percentage of eligibility for the 2012 Public Housing Program, which is dependent on the appropriations approved for the program in the Federal Budget.

Housing authorities across the country continue to be impacted by continued decline in Federal support for housing while facing a decrease in rental income and increase in housing assistance payments to landlords. The fluctuation in operating income and expenses are due to local inflationary, recessionary and employment trends, which can affect resident income. Based on HUD's funding letters and contracts, it is anticipated that most HUD programs will continue to receive renewal funding including the Housing Choice Voucher Program, which is SHA's largest program, serving over 4,665 families.

On February 17, 2009, President Obama signed the American Recovery and Reinvestments Act of 2009 (the Recovery Act), which includes a \$4 billion appropriation of Capital Funds for public housing agencies. The Recovery Act requires that \$3 billion of these funds be distributed as formula funds and the remaining \$1 billion be distributed through a competitive process. SHA received approximately \$235 thousand in formula funds for capital expenditures and \$375 thousand in competitive funds, which was utilized in 2010 and 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of SHA's finances and to demonstrate SHA's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Steven Cervantes
Executive Director

Lori Hays
Accounting Manager

Phone:
509.252.7154

Physical address:
55 West Mission Avenue
Spokane, WA 99201

Spokane Housing Authority
Statement of Net Assets
June 30, 2011

	Housing Authority	Component Units
<i>Current Assets:</i>		
Cash - unrestricted	\$ 4,278,945	\$ 301,216
Receivables, net of allowance	358,384	14,461
Prepays and other assets	81,078	5,777
Inventories, net	959	-
Interprogram due from	161,503	1,464
	<u>4,880,869</u>	<u>322,918</u>
<i>Restricted Assets:</i>		
Cash - other restricted	4,786,490	703,830
Cash - tenant security deposits	234,737	24,000
	<u>5,021,227</u>	<u>727,830</u>
Total current assets	<u>9,902,096</u>	<u>1,050,748</u>
<i>Noncurrent Assets:</i>		
Restricted cash and cash equivalents	1,195,235	-
Capital assets:		
Land	2,765,539	623,867
Buildings	29,045,164	17,683,118
Furniture, equipment & machinery - dwellings	1,136,382	221,239
Furniture, equipment & machinery - administration	774,227	96,811
Leasehold improvements	3,138,526	121,678
Construction in progress	442,735	1,710,307
Accumulated depreciation	(15,166,610)	(1,522,019)
Other noncurrent assets	499,604	310,485
Total noncurrent assets	<u>23,830,802</u>	<u>19,245,486</u>
Total assets	<u>\$ 33,732,898</u>	<u>\$ 20,296,234</u>

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Statement of Net Assets (continued)
June 30, 2011

	Housing Authority	Component Units
<i>Current Liabilities:</i>		
Accounts payable	\$ 201,719	\$ 340,231
Accounts payable - other govt.	23,714	-
Tenant security deposits	234,737	24,000
Accrued wages & payroll taxes	148,999	-
Accrued compensated absences, current portion	16,621	-
Accrued interest payable	178,654	-
Deferred revenue	635,087	3,079
Current liabilities - other	49,581	347,310
Current portion long-term debt	406,297	169,911
Interprogram due to	110,900	44,382
Total current liabilities	<u>2,006,309</u>	<u>928,913</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current - capital projects mortgage revenue bonds	22,093,514	4,481,522
Accrued compensated absences, net of current	199,279	-
Noncurrent liabilities - other	971,344	72,716
Total noncurrent liabilities	<u>23,264,137</u>	<u>4,554,238</u>
Total liabilities	<u>\$ 25,270,446</u>	<u>\$ 5,483,151</u>
<i>Net Assets:</i>		
Invested in capital assets, net of related debt	(363,848)	14,283,568
Restricted net assets:		
Housing assistance payments	3,214,173	-
Debt service reserves	1,195,235	-
Project reserves	971,038	68,188
Replacement reserves	-	141,409
Operating reserves	-	394,257
Services reserves	-	99,976
Unrestricted net assets	<u>3,445,854</u>	<u>(174,315)</u>
Total net assets	<u>\$ 8,462,452</u>	<u>\$ 14,813,083</u>

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Statements of Revenue, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

	Housing Authority	Component Units
<i>Operating Revenue:</i>		
Tenant revenue	\$ 3,135,454	\$ 1,120,630
HUD operating subsidy	28,973,357	-
Other governmental grants	822,054	-
Other tenant revenue	151,155	48,123
Other revenue	620,835	310
Total operating revenue	<u>33,702,855</u>	<u>1,169,063</u>
<i>Operating Expenses:</i>		
Administrative expenses	2,190,061	78,977
Auditing Fees	43,924	47,025
Employee benefit contributions	761,409	25,887
Management & bookkeeping fees	87,324	80,101
Other operating - administrative	552,158	140,609
Tenant services	4,691	337
	<u>3,639,567</u>	<u>372,936</u>
<i>Utilities:</i>		
Electricity	154,650	49,388
Other utilities expense	33,007	21,404
Sewer	264,434	85,649
Water	97,830	12,587
	<u>549,921</u>	<u>169,028</u>
<i>Ordinary maintenance and operations:</i>		
Contract costs	961,686	118,175
Employee benefit contributions	161,003	22,181
Maintenance and operations wages	428,752	67,669
Materials and other	119,360	26,482
	<u>1,670,801</u>	<u>234,507</u>
<i>General expenses:</i>		
Depreciation and amortization	1,227,379	964,758
Housing assistance payments	25,075,475	-
Insurance premiums	85,983	39,997
Other general expenses	150,447	20,766
Protective services contract costs	3,679	3,447
Payments in lieu of taxes	14,708	-
	<u>26,557,671</u>	<u>1,028,968</u>
Total operating expenses	<u>32,417,960</u>	<u>1,805,439</u>
<i>Operating Income (Loss)</i>	<u>1,284,895</u>	<u>(636,376)</u>

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Statements of Revenue, Expenses and Changes in Net Assets (continued)
For the Year Ended June 30, 2011

<i>Operating Income (Loss)</i>	\$ 1,284,895	\$ (636,376)
<i>Nonoperating Revenue (Expenses):</i>		
Gain (loss) on sale of capital assets	(245)	-
Interest expense	(985,090)	(312,571)
Interest subsidy	44,747	-
Amortization of bond issuance costs	(21,252)	-
Investment revenue - restricted	6,652	-
Investment revenue - unrestricted	16,990	2,342
Total nonoperating revenue (expenses)	<u>(938,198)</u>	<u>(310,229)</u>
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	346,697	(946,605)
Special Items Gain (Loss)	-	(1,009,845)
Transfers & Prior Period Adjustments	-	(99)
Capital grants	<u>526,087</u>	<u>7,102,092</u>
<i>Change in Net Assets</i>	872,784	5,145,543
<i>Net Assets, Beginning of Year</i>	7,589,668	9,667,540
<i>Net Assets, End of Year</i>	<u>\$ 8,462,452</u>	<u>\$ 14,813,083</u>

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Statements of Cash Flows
For the Year Ended June 30, 2011

	Housing Authority	Component Units
<i>Cash Flows from Operating Activities:</i>		
Receipts from tenants and others	\$ 3,291,832	\$ 1,162,135
Payments to employees	(3,551,790)	(194,714)
Housing assistance payments	(25,075,475)	-
Payments from other government entities	29,858,647	-
Payments to vendors and suppliers	(2,633,337)	(691,007)
Other receipts	810,184	-
Net cash provided by operating activities	<u>2,700,061</u>	<u>276,414</u>
<i>Cash Flows from Noncapital Financing Activities:</i>		
Proceeds from operating debt	42,640	-
Payments (to) from related parties	309,246	7,590
Net cash provided by noncapital financing activities	<u>351,886</u>	<u>7,590</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Increase in other long-term liabilities	971,344	17,500
Payment (to) from affiliates	-	(268,854)
Capital contribution (distribution)	-	-
Developer fees (paid) received	-	(166,668)
Capital grants received	526,087	7,102,092
Purchases of capital assets	(5,893,312)	(1,659,067)
Sale of capital assets	-	3,068,919
Proceeds from capital debt	5,563,797	1,385,516
Principal paid on capital debt	(545,256)	(9,105,620)
Capital Debt Interest Subsidy Received	28,905	-
Interest paid on capital debt	(955,640)	(373,289)
Net cash used by capital and related financing activities	<u>(304,075)</u>	<u>529</u>
<i>Cash Flows from Investing Activities:</i>		
Interest received	23,642	2,342
Net cash provided by investing activities	<u>23,642</u>	<u>2,342</u>
<i>Net Increase in Cash and Cash Equivalents</i>	2,771,514	286,875
<i>Cash and Cash Equivalents, Beginning of Year</i>	7,723,893	742,171
<i>Cash and Cash Equivalents, End of Year</i>	<u>\$ 10,495,407</u>	<u>\$ 1,029,046</u>
<i>Cash and Cash Equivalents consist of:</i>		
Cash - unrestricted	4,278,945	301,216
Cash - other restricted	4,786,490	703,830
Cash - tenant security deposits	234,737	24,000
Cash debt service reserve	1,195,235	-
	<u>\$ 10,495,407</u>	<u>\$ 1,029,046</u>

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Statements of Cash Flows (continued)
For the Year Ended June 30, 2011

	Housing Authority	Component Units
<i>Reconciliation of Net Operating Gain (Loss) to Net Cash from Operating Activities:</i>		
Net operating loss	\$ 1,284,895	\$ (636,376)
<i>Adjustments to Reconcile Net Loss to Net Cash provided by Operating Activities:</i>		
Depreciation and amortization	1,227,379	964,758
Increase (decrease) in cash due to changes in assets and liabilities:		
Receivables	337,220	(16,725)
Prepaid expenses	17,556	8,380
Inventories	5,892	-
Other assets	102,604	-
Accounts payable	(269,988)	(42,972)
Accrued wages and taxes payable	2,058	-
Deferred revenue	(13,816)	(4,580)
Compensated absences	(12,623)	-
Accrued liabilities - other	-	-
Other current liabilities	(48,774)	(2,861)
Accounts payable - other government	23,714	-
Tenant security deposits	43,944	6,790
Net adjustments	1,415,166	912,790
<i>Net Cash provided by Operating Activities</i>	<u>\$ 2,700,061</u>	<u>\$ 276,414</u>

Non-Cash Investing and Financing Activities:

During the year-ended June 30, 2011 the Heritage Heights Apartments and Westfall Village Apartments Limited Partnerships sold the Projects and all other assets of the Partnerships to the General Partner (Spokane Housing Authority), resulting in non-cash transactions, which are disclosed in Note 15.

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority

Notes to Basic Financial Statements

For the year ended June 30, 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Spokane Housing Authority (SHA) was established in 1972 pursuant to the laws of the State of Washington in order to provide affordable, safe, and sanitary housing for persons of low income. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering Public Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans to assist the authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for maintaining the low-rent character of the local housing programs.

In 2003, the Spokane Housing Authority became a joint city-county housing authority pursuant to RCW 35.82.300, by authorization of the cities of Spokane and Spokane Valley, and Spokane County. The Authority serves the geographical area of the cities of Spokane and Spokane Valley and all unincorporated areas of Spokane County. It also serves the cities of Millwood, Deer Park, Medical Lake (effective 1988), Airway Heights (effective 1989), Spangle (effective 1989), and Cheney (effective 1990) through cooperative agreements. The Housing Authority can be dissolved if both the Spokane and Spokane Valley city councils and the Spokane County Board of Commissioners all adopt identical resolutions pursuant to RCW 35.82.310.

The Housing Authority is governed by a six member Board of Commissioners, appointed by the Mayors of the cities of Spokane and Spokane Valley, and the Chairperson of the Spokane County Commissioners. Each member serves a five-year term of office, with terms rotating in such a manner that one appointment is made each year.

As required by generally accepted accounting principles (GAAP), the financial statements present the Spokane Housing Authority (the primary government) and its component units. The discretely presented component units are reported separately from the primary government. All of the tax credit limited partnerships are governed by the six-member board appointed to the Housing Authority. The partnerships are legally separate from the Spokane Housing Authority and are discretely presented from the primary government in the financial statements. All properties owned by the limited partnerships are accounted for on a calendar year basis rather than the Authority's fiscal year ending June 30th. The sole purpose of the limited partnerships is to provide affordable housing to low income families. See Note 10 for additional information on the tax credit limited partnerships.

Discretely Presented Component Units:

Heritage Heights Apartments Limited Partnership – SHA was the general partner in this tax credit partnership, which owned and operated the 62 units of affordable housing known as the Heritage Heights Apartments. The partnership assets were sold to the Authority in August 2010 and the partnership was dissolved. SHA continues to maintain and operate the units as affordable housing.

Westfall Village Apartments Limited Partnership – SHA was the general partner in this tax credit partnership, which owned and operated the 110 units of affordable housing known as the Westfall Village Apartments. The partnership assets were sold to the Authority in August 2010 and the partnership was dissolved. SHA continues to maintain and operate the units as affordable housing.

Cornerstone II – The Borning Building Limited Partnership – SHA is the sole general partner of the tax credit partnership, which was created in order to develop and manage the Cornerstone Courtyard Apartments. The 50 affordable units were placed in service February 2008.

Cornerstone II – The Helena Apartments, Limited Partnership – SHA became the general partner of this tax credit partnership in 2008, which was created in order to develop and manage the Pearl on Adams Apartments. The 35 affordable units were placed in service in November 2009.

The Martindale Apartment, Limited Partnership – SHA became the general partner of this tax credit partnership in 2010, which was created in order to develop and manage the Agnes Kehoe Apartments. The 51 affordable units are planned to be placed in service in January 2012.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Presentation

The financial statements (i.e., the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows) report information on all of the activities of the primary government and its component units.

The Housing Authority accounts for and records its financial position and operating results for fifteen separate programs. These programs segregate activity by type of HUD assistance, miscellaneous grants, and other properties.

The accounts of SHA are reported as an enterprise fund. Enterprise funds distinguish operating revenues and expenses from non-operating items. An operating activity generally arises from providing services in connection with the fund's principal activity. The operating revenues of the Authority consists primarily of rental charges to tenants and operating grants from the U.S. Department of Housing and Urban Development ("HUD"), and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses. Operating expenses for the Authority include the cost of administrative, maintenance, utilities, tenant services, general operations, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The enterprise fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Enterprise fund equity is classified as net assets. The basis of accounting used is similar to businesses in the private sector; thus, these funds are maintained on the accrual basis of accounting.

Revenues are recognized when earned and expenses are recorded in the period incurred. For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed, to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standard Board. The Authority also has the option of following subsequent private-sector guidance, subject to the same limitations. The Authority has elected not to follow subsequent private-sector guidance.

The accompanying basic financial statements include the activities of several Housing Programs subsidized by HUD as well as various other Agencies. A summary of each significant program is provided below.

Housing Choice Voucher Program

SHA administers the Housing Choice Voucher Program, Disaster Housing Assistance Program, and the Veterans' Affairs Supportive Housing Program, which utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants. The Housing Authority has administrative responsibility for the Housing Choice Voucher programs in Stevens, Pend Oreille, Whitman, and Lincoln Counties.

SHA also received HOME entitlement grant funds from the City of Spokane, Spokane County, and the Washington State Department of Commerce for additional tenant based rental assistance, and administers a twelve county State funded housing program for persons with AIDS (HOPWA).

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Public Housing Program

SHA's Public Housing Program consists of two asset management projects ("AMPS"), which collect both operating and capital fund subsidy. AMP 1 is the 50 unit Parsons Apartment complex and AMP 2 is an accumulation of 75 housing units referred to as scattered sites and is located within and outside of the City of Spokane. Each AMP is accounted for as a separate entity, and is reported in the Combining Statements.

The purpose of the Public and Indian Housing Program is to provide decent and affordable housing to low income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Development and Capital Fund programs. Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Capital Fund Programs (CFP):

Funds from the CFP provided by HUD are used to maintain and improve the Public Housing portfolio. Substantially all additions to land, structures and equipment for these properties are accomplished through the capital grant funds.

Other Properties:

SHA has purchased the properties listed below and is responsible for leasing, operating, and maintaining the housing units with the exception of the Newark Apartments. The lease terms are generally for one year.

Courtview Apartments – Is a 14 unit apartment building which was purchased in 1992 and is operated solely on the income generated by the property.

Newark Apartments – Is a 6 unit property which was purchased in 1993 and is presently leased to the Salem Arms, a Spokane non-profit organization, as housing for its clients.

Valley 206 Apartments – Consists of a 207 unit affordable housing property, which was purchased in 1998 through the issuance of housing revenue bonds. The bonds were refinanced through a private placement bond issue in 2009.

Cedar West Apartments – Is a 74 unit complex which was purchased in 1999 through the issuance of housing revenue bonds.

Woodhaven Apartments – Is a 72 unit complex which was purchased in 2001 with housing revenue bonds issued by the Housing Authority.

Sharon Lord Apartments – Consists of 2 duplexes which were constructed in 2003 on land owned by the Authority. The duplexes are dedicated to housing families with very low income (at or below 30% of area median income).

Hifumi En Apartments – Is a 41 unit apartment complex which was purchased in 2004. This property is a Section 8 project based development for low income senior and/or disabled persons.

Heritage Heights Apartments – Is a 62 unit tax credit apartment complex which was purchased in 2010 from the Heritage Heights Limited Partnership with Build America bonds issued by the Housing Authority.

Westfall Village Apartments – Is a 110 unit tax credit apartment complex which was purchased in 2010 from the Heritage Heights Limited Partnership with Build America bonds issued by the Housing Authority.

Summary of Significant Accounting Policies:

The basic financial statements of SHA have been prepared in conformity with GAAP. Following is a summary of the more significant accounting policies of SHA.

Budgeting – The Authority prepares an annual budget which is presented to the Board of Commissioners and adopted through the passage of a budget resolution prior to the beginning of the fiscal year.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Cash and cash equivalents — It is the Housing Authority's policy to invest all temporary cash surpluses in low-risk short-term investments of a liquid nature. This amount is classified on the Statement of Net Assets as cash and cash equivalents. For purposes of the Statement of Cash Flows, the Authority considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted funds — Restricted cash accounts contain cash or cash equivalents that are restricted by federal or state regulation or statute to the use of particular programs or grants. The total of the Housing Authority restricted cash as of June 30, 2011 was \$6,216,462. Component Units as of December 31, 2010 had restricted cash of \$727,830. The balances consist of the following:

	<u>Housing Authority</u>	<u>Component Units</u>
Section 8 reserves	\$ 3,807,047	\$ -
Bond reserves	1,195,235	-
Other reserves	971,038	703,830
Tenant security deposits	234,737	24,000
Grants	8,405	-
Total	<u>\$ 6,216,462</u>	<u>\$ 727,830</u>

Inventories— Inventories belonging to the Spokane Housing Authority as of June 30, 2011 consisted of office supplies of \$959. Inventories are valued by the FIFO method, which approximates the market value.

Capital assets — Capital assets include property, plant, and equipment and are defined by the Housing Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, or, a major appliance with a cost of less than \$1,000, having an estimated useful life in excess of one year. All such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the Authority, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Machinery and equipment	3-7 years
Buildings and improvements	10-25 years
Land is not depreciated	

Deferred revenues — Deferred grant revenues are grant funds that have been drawn down or funds advanced and have not yet been expended. At the time those funds are expended revenue will be recognized.

Accrued compensated absences — Regular Authority employees accrue sick leave and annual leave based on the number of years of service. The annual leave and sick leave balances accumulated by employees represent a liability for future payment for compensated absences. The dollar value of the Authority's liability for future payment of compensated absences is recorded as a liability on the financial statements. The total value of the annual and sick leave obligation at June 30, 2011 was \$215,900. It is the policy of the Authority when an employee separates to pay accumulated unused annual leave in full. Those employees hired prior to February 24, 2004 also receive 25% of accumulated unused sick leave. The liability for other compensated absences does not vest and is not considered material.

Revenue and expenses — All revenues and expenses related to the operations of the Housing Authority and its component units are classified as operating revenues and expenses. Non-operating revenues include capital grants, interest revenue, and interest subsidy. Non-operating expenses include interest expense, amortization of bond issuance costs, and gain (loss) on sale of capital assets.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Subsequent events — Subsequent events have been evaluated through February 6, 2012, which is the date the financial statements were available to be issued. See Note 16 for additional information on subsequent events.

Tax status — SHA, as a governmental entity, is not subject to federal or state income taxes. The component units, as partnerships, are required to file IRS form 1065, U.S. Return of Partnership Income and Schedule K-1 which reports the taxable income or loss to be reported by the respective partners allocated in accordance with their percentage of ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. With few exceptions, the Partnerships are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Use of estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions the Authority may undertake in the future. Actual results may ultimately differ from those estimates.

NOTE 2 — DEPOSITS:

As required by State law, all deposits of the Authority are deposits with Washington State banks. The deposits are entirely covered by federal depository insurance (FDIC) and are 100% collateralized by the Washington Public Deposit Protection Commission, as is required by Housing Authority policy. All investments are insured, registered or held by the Authority or its agent in the Authority's name.

Cash and cash equivalents consist of the following at June 30, 2011 for the Housing Authority and December 31, 2010 for the Component Units:

	<u>Housing Authority</u>	<u>Component Units</u>
Cash in demand deposits	\$ 9,004,399	\$ 1,029,046
Local government investment pool	853,771	-
US Government Obligations	637,237	-
Total deposits	<u>\$ 10,495,407</u>	<u>\$ 1,029,046</u>

The Local Government Investment Pool (LGIP) is an investment pool managed and operated by the Washington State Treasurer's Office for the benefit of government entities in the State of Washington. The assets and liabilities of the LGIP are included in the comprehensive Annual Financial Report of the State of Washington. The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission and invests in high-quality, short-term investments. All money market securities are required to be rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Investors Services. Investments are restricted to fixed rate securities that mature in 397 days or less, floating and variable rate securities that mature in 762 days or less, and the portfolio maintains a weighted average maturity of 90 days or less.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2011

NOTE 3 — INTER-PROGRAM RECEIVABLES AND PAYABLES:

At June 30, 2011, the Housing Authority had short-term receivables and payables within the related programs. All balances resulted from the time lag between the dates that (1) inter-program goods and services are provided and reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between programs are made. All balances are expected to be collected within 12 months of the financial statement date. The inter-program balances for the primary government at June 30, 2011 before eliminations are as follows:

	Primary Government		Component Units	
	Receivables	Payables	Receivables	Payables
Section 8 program	\$ -	\$ 43,318	\$ -	\$ -
Public housing	9,121	23,256	-	-
Other projects	664,919	556,863	1,464	44,382
Total receivables	<u>\$ 674,040</u>	<u>\$ 623,437</u>	<u>\$ 1,464</u>	<u>\$ 44,382</u>

Inter-program transfers are used to (1) move revenues from the program that statute or budget requires to collect them to the program that statute or budget requires to expend them, (2) use unrestricted revenues collected in the Primary Operating Reserve to finance various other programs accounted for in other programs in accordance with budgetary authorizations, and to (3) reimburse the Primary Operating Reserve for salaries, benefits and other costs incurred by other programs.

The inter-program transfers for the year ended June 30, 2011 consisted of the following:

Transfers to Housing Choice Voucher Program from:

Public Housing	\$ -
Central Office Cost Center	760,229
All other programs	-
Total transfers to Housing Choice Voucher Program	<u>\$ 760,229</u>

Transfers to Public Housing from:

Housing Choice Voucher Program	\$ -
Central Office Cost Center	35,255
All other programs	-
Total transfers to Primary Operating Reserve	<u>\$ 35,255</u>

Transfers to Central Office Cost Center from:

Housing Choice Voucher Program	\$ 2,541,063
Public Housing	428,268
All other programs	1,645,943
Total transfers to Central Office Cost Center	<u>\$ 4,615,274</u>

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2011

NOTE 4 — CAPITAL ASSETS:

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed for financial reporting purposes by use of the straight-line method. Land is not depreciated. Changes in capital assets of the primary government during the year ended June 30, 2011 are shown below:

	July 1, 2010	Additions	Transfer/ retirements	June 30, 2011
Capital assets not depreciated:				
Land	\$ 2,475,163	\$ 402,876	\$ (112,500)	\$ 2,765,539
Construction in progress	200,889	336,474	(94,628)	442,735
Total capital assets not depreciated	2,676,052	739,350	(207,128)	3,208,274
Capital assets being depreciated:				
Buildings	24,787,144	4,786,781	(528,761)	29,045,164
Improvements	2,983,593	147,309	7,624	3,138,526
Machinery and equipment	1,833,751	88,829	(11,971)	1,910,609
Total capital assets being depreciated	29,604,488	5,022,919	(533,108)	34,094,299
Accumulated depreciation:				
Buildings	10,566,616	938,088	-	11,504,704
Improvements	1,766,396	209,673	-	1,976,069
Machinery and equipment	1,612,241	77,389	(3,793)	1,685,837
Total accumulated depreciation	13,945,253	1,225,150	(3,793)	15,166,610
Total capital assets	\$ 18,335,287	\$ 4,537,119	\$ (736,443)	\$ 22,135,963

Changes in capital assets of the component units as of December 31, 2010 are shown below:

	January 1, 2010	Additions	Transfer/ retirements	December 31, 2010
Capital assets not depreciated:				
Land	\$ 914,243	\$ -	\$ (290,376)	\$ 623,867
Construction in progress	-	1,625,108	85,199	1,710,307
Total capital assets not depreciated	914,243	1,625,108	(205,177)	2,334,174
Capital assets being depreciated:				
Buildings	26,511,995	74,106	(8,902,983)	17,683,118
Improvements	383,196	28,362	(289,880)	121,678
Machinery and equipment	897,760	9,093	(588,803)	318,050
Total capital assets being depreciated	27,792,951	111,561	(9,781,666)	18,122,846
Accumulated depreciation:				
Buildings	5,105,445	833,546	(4,605,201)	1,333,790
Improvements	107,984	35,511	(129,700)	13,795
Machinery and equipment	664,603	69,990	(560,159)	174,434
Total accumulated depreciation	5,878,032	939,047	(5,295,060)	1,522,019
Total capital assets	\$ 22,829,162	\$ 797,622	\$ (4,691,783)	\$ 18,935,001

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2011

NOTE 5 — LONG-TERM DEBT:

A summary of changes in SHA's long-term debt for the year ended June 30, 2011 is as follows:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011	Due Within One Year
Revenue Bonds:					
Cedar West Apartments Housing	\$ 2,360,000	\$ -	\$ (65,000)	\$ 2,295,000	\$ 70,000
Heritage Heights Apartments	-	1,747,895	(4,426)	1,743,469	19,442
McDonald Manor Apartments	139,219	-	(4,204)	135,015	4,397
Valley 206 Apartments	8,736,980	-	(150,762)	8,586,218	163,558
Westfall Village Apartments	-	3,179,125	(8,051)	3,171,074	35,362
Woodhaven Apartments Housing	2,692,246	-	(58,244)	2,634,002	63,244
Total Bond Payable	13,928,445	4,927,020	(290,687)	18,564,778	356,003
Promissory Notes:					
Impact Capital - Agnes Kehoe Apartments	39,687	-	(39,687)	-	-
Inland Northwest Bank					
Commercial Line of Credit	266,558	467,377	(733,935)	-	-
McDonald Manor Apartments	564,067	-	(12,780)	551,287	13,414
Washington Trust Bank					
Authority Office Building	488,662	-	(17,054)	471,608	17,904
Hifumi En Apartments	543,587	-	(18,929)	524,658	18,976
Total Promissory Notes	1,902,561	467,377	(822,385)	1,547,553	50,294
Intergovernmental Loans					
City of Spokane:					
Heritage Heights	-	200,000	-	200,000	-
Westfall Village	-	350,000	-	350,000	-
State of Washington Department of Commerce					
Cedar West	515,437	2,582	-	518,019	-
Courtview Apartments	140,000	-	-	140,000	-
Hifumi En Apartments	1,022,684	4,777	-	1,027,461	-
Newark Apartments	152,000	-	-	152,000	-
Washington State HFC	663,532	-	(663,532)	-	-
Total Intergovernmental Loans	2,493,653	557,359	(663,532)	2,387,480	-
Total long-term debt	18,324,659	5,951,756	(1,776,604)	22,499,811	406,297
Accrued Compensated absences	228,523	284,600	(297,223)	215,900	16,621
Noncurrent liabilities - other	-	971,344	-	971,344	-
Total noncurrent liabilities	\$ 18,553,182	\$ 7,207,700	\$ (2,073,827)	\$ 23,687,055	\$ 422,918

Cedar West Apartments Housing Revenue Bonds – Issued January 2000 to purchase Cedar West Apartments; Series A principal amount of \$2,835,000 and Series B principal amount of \$225,000; total amount issued \$3,060,000; annual installments of \$217,219 to \$283,762; interest rates ranging from 4.25% to 5.75%; debt service paid from revenues of the Cedar West Apartments. Final payment is due in 2029. The Series B bonds were redeemed in fiscal year ending June 30, 2005, leaving only the Series A bonds outstanding.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 5 — LONG-TERM DEBT (continued):

Heritage Heights Build America Revenue Bonds – Issued August 2010 to purchase and rehabilitate the Heritage Heights Apartments, principal amount of \$1,747,895. Quarterly payments of \$33,724 include interest at 6.65% per annum. These are IRS subsidized bonds, where the IRS reimburses the Authority for 35% of the interest payment at the time of debt service payment. Debt serviced is paid from revenues of the Heritage Heights Apartments. The bond matures on August 11, 2025.

McDonald Manor Apartments – In the original amount of \$140,092, issued February 26, 2010 to pay off the existing Mortgage Note payable to Konstantinos and Dionesia Geranios for the purchase of McDonald Manor Apartments. Payments of \$913 per month include interest at 4.85% for the first 60 months. Interest and payment will reset every 60 months. The bond matures on March 5, 2030.

Valley 206 Apartments Housing Revenue Bond, Series 2008 – Issued July 2008 to refund the 1998 Valley 206 Apartments Housing Revenue Series A & B Bonds and rehabilitate Valley 206 Apartments, principal amount of \$9,075,230 with a bond issuance discount of \$113,400. Monthly payments of \$45,641 include interest at 4.40% per annum with debt service paid from revenues of the Valley 206 Apartments. Final payment is due in 2028.

Westfall Village Build America Revenue Bonds – Issued August 2010 to purchase and rehabilitate the Westfall Village Apartments, principal amount of \$3,179,125. Quarterly payments of \$61,338 include interest at 6.65% per annum. These are IRS subsidized bonds, where the IRS reimburses the Authority for 35% of the interest payment at the time of debt service payment. Debt serviced is paid from revenues of the Westfall Village Apartments. The bond matures on August 11, 2025.

Woodhaven Apartments Housing Revenue Bonds – Issued December 2001 to purchase Woodhaven Apartments; Series A principal \$2,715,000 less discount of \$52,680; Series B principal \$450,000; annual installments of \$210,010 to \$229,360; interest rates ranging from 4.2% to 6.0%; debt service paid from revenues of the Woodhaven Apartments. Final payment is due in 2033.

Impact Capital – Agnes Kehoe Apartments – Issued in 2008 to provide financing for pre-development costs associated with the rehabilitation of the Agnes Kehoe Apartments (formally Martindale Apartments) for \$74,014. This note was paid in full during the 2011 fiscal year.

Inland Northwest Bank – Commercial Line of Credit – Issued March 17, 2008, renewed July 21, 2009 to cover development expenses incurred prior to receiving permanent funding. This note was paid in full during the 2011 fiscal year.

Inland Northwest Bank – McDonald Manor Apartments – Original amount of \$624,000, issued January 2005 to finance the purchase of the McDonald Manor Apartments. Payments of \$3,321 per month include interest at 4.85% per annum. Loan matures January 10, 2015.

Washington Trust Bank – Authority Office Building – Issued September 1998 in the original amount of \$567,000, to purchase the office building at 55 West Mission for the administrative offices of the Authority with monthly payments of \$3,981 per month at 5.75% interest per annum. On December 23, 2008, an additional \$154,170 was added to the existing note for improvements to the administrative offices of the Authority for total principal due of \$517,167. The interest rate on the new note is the Five-Year Federal Home Loan Bank Long Term Fixed Rate plus 2.75%. As of December 23, 2008, the rate was 4.90%. The final payment is due December 23, 2018.

Washington Trust Bank – Hifumi En Apartments – Issued June 30, 2004 for \$690,000 for rehabilitation of the Hifumi En Apartments. Monthly payments including interest at 4.46% began as funds were drawn from the loan. The loan matures on October 5, 2014.

City of Spokane – Heritage Heights – Intergovernmental loan issued for the purchase of the land upon which the Heritage Heights Apartments were built; in the amount of \$200,000; interest at 7.13%. Principal and interest payment may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Heritage Heights Apartments in August 2010 and assumed the existing note.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 5 — LONG-TERM DEBT (continued):

City of Spokane – Westfall Village – Intergovernmental loan issued for the purchase of the land upon which the Westfall Village Apartments were built; in the amount of \$350,000; interest at 7.13%. Principal and interest payment may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Westfall Village Apartments in August 2010 and assumed the existing note,

State of Washington Department of Commerce – Cedar West – In the amount of \$498,342 to remediate mold at the Cedar West Apartments, at 0.5% annual interest, compounded quarterly. Payments are deferred for 20 years after which quarterly payments in the amount of \$7,238 will be due. The loan matures on June 30, 2044. During fiscal year, ending June 30, 2011, capitalized deferred interest totaling \$2,582 was added to the principal balance of the loan.

State of Washington Department of Commerce – Courtview Apartments – Purchase Courtview Apartments, for \$140,000 at 1.0% interest, deferred payments to begin in 2013, in the amount of \$7,758 per year.

State of Washington Department of Commerce – Hifumi En Apartments – Purchase the Hifumi En Apartments, for \$995,000. A portion of the note, \$450,000, accrues interest at 1.0% compounded quarterly. This portion of the note is deferred for thirty years until July 1, 2036 at which time quarterly payments of \$15,971 are due quarterly thereafter. The remainder of the note, \$545,000, reverts into a grant after forty years if the use of the property does not change from its current use as housing for the low income and disabled. Deferred interest totaling \$4,729 was capitalized during the year. No change in the use of the property had taken place as of the end of fiscal year ended June 30, 2011.

State of Washington Department of Commerce – Newark Apartments – Purchase Newark Apartments, for \$152,000, at interest rate of 0.0%. The loan reverts to a grant if the property is retained by the Authority and continued to be used for low-income housing until the year 2043.

Washington State Housing Finance Commission – Martindale Apartments – Issued on December 26, 2008 in the amount of \$663,532 refinancing the Washington Trust Loan used to acquire the Martindale Apartments. The loan is issued at 0% interest with payments deferred for 40 years. Accordingly, payment will be due on December 31, 2048. This debt was assumed by the Martindale Apartments Limited Partners – Agnes Kehoe Place, therefore, this note has been moved to the Schedule of Long-Term Debt for the Component Units.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended June 30,	Principal	Interest	Total
2012	\$ 406,297	\$ 1,085,315	\$ 1,491,612
2013	418,265	1,072,445	1,490,710
2014	451,376	1,043,571	1,494,947
2015	919,373	1,004,587	1,923,960
2016	474,233	973,454	1,447,687
2017-2021	2,787,203	5,543,353	8,330,556
2022-2026	7,208,698	5,305,423	12,514,121
2027-2031	7,807,365	1,096,177	8,903,542
2032-2036	611,089	52,169	663,258
2037-2041	589,644	153,228	742,872
2042-2046	826,268	15,423	841,691
	<u>\$ 22,499,811</u>	<u>\$ 17,345,145</u>	<u>\$39,844,956</u>

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2011

NOTE 5 — LONG-TERM DEBT (continued):

Long-term debt of the component units includes notes and mortgages payable and intergovernmental loans. The following is a summary of changes in long-term debt for the component units for the year ended December 31, 2010.

	Balance at January 1, 2010	Additions	Reductions	Balance at December 31, 2010	Due Within One Year
Promissory Notes:					
Anchor Bank	\$ 1,096,876	\$ -	\$ (1,096,876)	\$ -	\$ -
Evanston Financial Corporation	2,303,474	-	(2,303,474)	-	-
Spokane Housing Authority				-	-
Heritage Heights Apartments	34,349	-	(34,349)	-	-
Heritage Heights Apartments	50,000	-	(50,000)	-	-
U.S. Bank National Association					
Agnes Kehoe Place	-	119,911	-	119,911	119,911
Pearl on Adams	4,763,637	339,783	(5,103,420)	-	-
Total Promissory Notes	8,248,336	459,694	(8,588,119)	119,911	119,911
Intergovernmental Loans					
City of Spokane:					
Agnes Kehoe Place	-	39,824	-	39,824	-
Cornerstone Courtyard	250,000	-	-	250,000	-
Cornerstone Courtyard	88,477	-	-	88,477	-
Heritage Heights	200,000	-	(200,000)	-	-
Pearl on Adams	164,250	18,250	(182,500)	-	-
Westfall Village	350,000	-	(350,000)	-	-
Department of Commerce					
Agnes Kehoe Place	-	899,689	-	899,689	-
Cornerstone Courtyard	1,330,000	-	(35,000)	1,295,000	35,000
Pearl on Adams	1,387,255	7,745	(300,000)	1,095,000	15,000
Federal Home Loan Bank	200,000	-	-	200,000	-
Washington State HFC	-	663,532	-	663,532	-
Total Intergovernmental Loans	3,969,982	1,629,040	(1,067,500)	4,531,522	50,000
Total long-term debt	\$ 12,218,318	\$ 2,088,734	\$ (9,655,619)	\$ 4,651,433	\$ 169,911
Non-current liabilities - Other	1,073,684	91,380	(1,092,348)	72,716	-
Total noncurrent liabilities	\$ 13,292,002	\$ 2,180,114	\$ (10,747,967)	\$ 4,724,149	\$ 169,911

Anchor Bank – Note payable issued in 1999 to Washington Community Reinvestment Association and purchased by Anchor Bank in 2002; for the construction of the Heritage Heights Apartments; monthly payments of \$8,829 include interest at 7.125%. SHA purchased the Heritage Heights Apartments in August 2010 and this note was paid in full.

Evanston Financial Corporation – Note payable issued in 2006 for the purpose of refinancing the Westfall Village Apartments, for \$2,387,100. Monthly payments of \$12,897 including interest at 5.5% are due monthly through July 1, 2041. SHA purchased the Westfall Village Apartments in August 2010 and this note was paid in full.

Spokane Housing Authority – Heritage Heights Apartments – Note payable for operating expenses. Payments are due annually, subject to available cash flow per the Heritage Heights Apartments Limited Partnership agreement. Interest accrues at 6.5% per annum, with the final payment due January 1, 2020. SHA purchased the Heritage Heights Apartments in August 2010 and this note was paid in full.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 5 — LONG-TERM DEBT (continued):

Spokane Housing Authority – Heritage Heights Apartments – Note payable for operating expenses. Payments are due annually, subject to available cash flow per the Heritage Heights Apartments Limited Partnership agreement. Interest accrues at 8.0% per annum, with the final payment due January 1, 2030. SHA purchased the Heritage Heights Apartments in August 2010 and this note was paid in full.

U.S. Bank National Association – Agnes Kehoe Place – Note payable for construction of the Agnes Kehoe Place, owned by the Martindale Apartments Limited Partnership, for \$7,150,000, with interest of 3.05% plus the one-month LIBOR rate. Interest is payable beginning December 1, 2010, and the principal is due on September 1, 2012, with a provision to extend for 90 days. The project is projected to be completed in January 2012.

U.S. Bank National Association – Pearl on Adams – Note payable for construction of the Pearl on Adams Apartments owned by Cornerstone II – Helena Apartments Limited Partnership, for \$6,210,000, with interest of 2.25% plus the one-month LIBOR rate. Interest is payable beginning January 1, 2009, and the principal was due on July 1, 2010, with a provision to extend for 90 days. The project was completed in November 2009 and this note was paid in full during the 2010 calendar year.

City of Spokane – Agnes Kehoe Place – Intergovernmental loan issued in 2010 in the amount of \$500,000 for remediation of lead based paint at the Agnes Kehoe Apartments, with simple interest rate of 0.75%. Payments of principal and interest were deferred until forty-one years from January 31, 2012. One payment of \$500,000 will be due and payable on January 31, 2053.

City of Spokane – Cornerstone Courtyard – Intergovernmental loan issued in 2006 in the amount of \$250,000 for rehabilitation of the Cornerstone Courtyard, interest rate at 5.32%. Payments of principal and interest were deferred until December 1, 2007, after which time monthly payments of \$1,397 shall be made for the 30-year term of the note, applied to deferred interest then principal.

City of Spokane – Cornerstone Courtyard – Intergovernmental loan issued in 2007 in the amount of \$88,152 for the purpose of lead abatement during the development of the Cornerstone Courtyard Apartments, at 0% interest, deferred for 41 years, due and payable in full on December 31, 2048.

City of Spokane – Heritage Heights – Intergovernmental loan issued for the purchase of the land upon which the Heritage Heights Apartments were built; in the amount of \$200,000; interest at 7.13%. Principal and interest payments may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Heritage Heights Apartments in August 2010 and assumed the existing note; therefore, this note was transferred to the primary government Schedule of Long-Term Debt.

City of Spokane – Pearl on Adams – Intergovernmental loan issued in 2008 in the amount of \$182,500 for rehabilitation of the Helena, renamed the Pearl on Adams, interest rate at 4.0%. Payments of principal and interest were deferred for 15 years. This note was paid in full during the 2010 calendar year.

City of Spokane – Westfall Village Apartments – Intergovernmental loan issued for the purchase of the land upon which the Westfall Village Apartments were built; in the amount of \$350,000; interest at 7.13%. Principal and interest payments may be deferred until 2017, after which equal monthly payments in an amount to fully amortize the loan in ten years are required. SHA purchased the Westfall Village Apartments in August 2010 and assumed the existing note; therefore, this note was transferred to the primary government Schedule of Long-Term Debt.

State of Washington Department of Commerce – Agnes Kehoe Place – Intergovernmental loan issued in 2010 in the amount of \$2,500,000 for rehabilitation of the Martindale Apartments, renamed the Agnes Kehoe Place, The loan shall be deferred for forty years at 0.75% simple interest. The full amount shall be due and payable on or before December 31, 2052.

State of Washington Department of Commerce – Cornerstone Courtyard – Intergovernmental loan issued in 2006 in the amount of \$1,400,000 for rehabilitation of the Borning Building, renamed the Cornerstone Courtyard, at 0% interest. Quarterly payments in the amount of \$8,750 began on June 30, 2008 for a total of 40 years. The final payment will be due on December 31, 2047.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 5 — LONG-TERM DEBT (continued):

State of Washington Department of Commerce Housing Trust Fund – Pearl on Adams – Intergovernmental loan issued in 2008 in the amount of \$1,395,000 for rehabilitation of the Helena, renamed the Pearl on Adams, at 0% interest. The first portion of the loan, \$600,000, shall require quarterly payments in the amount of \$3,750 to begin on June 30, 2011 for a total of 40 years. The second portion of the loan, \$795,000, is deferred for 40 years, at which point the full principal amount will be due on December 31, 2049.

Federal Home Loan Bank – Intergovernmental loan issued July 31, 2006 in the amount of \$200,000 for rehabilitation of the Borning Building, renamed the Cornerstone Courtyard, with the interest rate of 1.5%. Principal and interest payments are deferred for 40 years, until July 31, 2046 at which time the entire unpaid principal balance and accrued interest is due.

Washington State Housing Finance Commission – Issued in 2008 in the amount of \$663,532 refinancing the Washington Trust Loan used to acquire the Martindale Apartments. The loan is issued at 0% interest with payments deferred for 40 years. Accordingly, payment will be due on December 31, 2048. This debt was assumed by Martindale Apartments Limited Partners – Agnes Kehoe Place, this note was transferred to the Schedule of Long-Term Debt for the Component Units.

The annual requirements to amortize outstanding debt, including interest, are as follows:

Year ended December 31,	Principal	Interest	Total
2012	\$ 169,911	\$ 16,764	\$ 186,675
2013	50,000	16,764	66,764
2014	53,468	13,298	66,766
2015	53,739	13,025	66,764
2016	53,945	12,821	66,766
2017-2021	273,180	60,640	333,820
2022-2026	280,234	53,586	333,820
2027-2031	289,418	44,402	333,820
2032-2036	301,401	32,419	333,820
2037-2041	317,025	16,795	333,820
2042-2046	477,590	164,316	641,906
2047-2051	1,392,009	-	1,392,009
2052-2056	939,513	-	939,513
	<u>\$ 4,651,433</u>	<u>\$ 444,830</u>	<u>\$ 5,096,263</u>

Arbitrage – SHA periodically monitors for the existence of any rebate of arbitrage interest associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 20, 2011, the Housing Authority estimates that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

NOTE 6 — OPERATING LEASES:

SHA is the lessee of various office equipment and vehicles, which are treated as operating leases for accounting purposes. Future lease commitments are as follows:

Year ended June 30,	
2012	\$ 30,500
2013	30,100
2014	9,600
2015	2,700
2016	300
	<u>\$ 73,200</u>

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 7 — DEFINED CONTRIBUTION PLAN:

All qualifying employees of the Housing Authority participate in the Public Employees' Retirement System (PERS). This is a statewide local government retirement system administered by the Department of Retirement Systems (DRS), under a cost-sharing multiple-employer public employee retirement plan.

Historical trends and other information regarding each plan is presented in the State Department of Retirement Systems 2010 annual financial report. A copy of this report may be obtained at the address below.

Department of Retirement Systems
Capital Plaza Building
1025 East Union Street
P.O. Box 48380
Olympia, WA 98504-8380

The state legislature established PERS in 1947 under RCW 41.40. PERS is a cost-sharing multiple-employer system. Membership in the system includes: elected officials, state employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; non-certified employees of school districts; and employees of local government.

PERS contains three plans. (As used in this context, the term "plans" refers to tiers within PERS. The actual plan is PERS.) Participants who joined the system by September 30, 1977, are Plan I members. Those joining thereafter are enrolled in Plan II, until September 1, 2002, when new members were given a choice to participate in Plan II or Plan III. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in all Plans are vested after completion of five years of eligible service.

Plan I members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the final average salary per year of service, capped at 60 percent.

Plan II members may retire at the age of 65 with five years of service, or at 55 with 20 years of service, with an allowance of 2 percent per year of service of the final average salary. Plan II retirements prior to 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3 percent annually.

Plan III members may retire at the age of 65 with ten years of service, or at 55 with 10 years of service, with an allowance of 1 percent per year of service of the final average salary. Plan III retirements prior to 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3 percent annually. Plan III includes a Defined Contribution Component which requires the employee to make a contribution of between five and fifteen percent of their gross earnings, selected by the employee. There is no employer contribution made to the Defined Contribution Component. Investment of these monies is chosen by the employee from available options provided through two investment programs, the Washington State Investment Board or a Self-Directed Portfolio. Investment risk is assumed by the employee. The value of the benefit is based on the amount contributed and the performance of the investments.

Each biennium the legislature establishes Plan I employer contribution rates, Plan II employer and employee contribution rates, and Plan III employer contribution rates. Employee contribution rates for Plan I are established by legislative statute and do not vary from year to year.

The employer and employee contribution rates for Plans II and III are developed by the Office of State Actuary to fully fund the system. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 7 — DEFINED CONTRIBUTION PLAN (continued):

The Authority's contribution rates expressed as a percentage of covered payroll as of June 30, 2011 were:

Plan I	Employer 5.31%	Employee 6.00%
Plan II	Employer 5.31%	Employee 3.90%
Plan III	Employer 5.31%	Employee (between 5% and 15%, selected by employee)

On July 1, 2011, the employer contribution rate for all three plans remained at 5.31% of covered payroll.

Both the Authority and the employees made the required contributions. The required contributions for the years ended June 30, 2011, 2010 and 2009 were:

	2011	2010	2009
PERS Plan 1	\$ 4,979	\$ 5,610	\$ 10,160
PERS Plan 2	247,216	232,002	336,812
PERS Plan 3	9,947	8,259	7,133
Total	<u>\$ 262,142</u>	<u>\$ 245,871</u>	<u>\$ 354,105</u>

NOTE 8 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

The Authority is exposed to all of the common perils associated with the ownership and rental of real estate property. A risk management program is currently in place to minimize loss occurrence and to transfer risk through various levels of insurance. All common risks relating to property, casualty, employee and public official's liability are covered by insurance, subject to appropriate deductibles.

The Spokane Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California. Thirty-six of the ninety-two members are Washington public housing entities.

New members originally contract for a three-year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three-year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverage's are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which included Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred cost of the claims. Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment. The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 aggregate. Limits for Automobile Liability are \$1,000,000/ \$1,000,000.

HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For Property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 8 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL (continued):

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

Claims that SHA has settled have not exceeded insurance coverage during the past three years.

NOTE 9 — CONTINGENCIES AND LITIGATION:

Contract expenditures are subject to approval by HUD to be eligible for reimbursement of any expenditure made under these contracts. The Housing Authority must comply with regulations established by HUD and noncompliance could result in disallowed costs and a liability for reimbursements received or reductions in future contract funding. The Housing Authority expects such amounts, if any, to be immaterial.

SHA had a dispute with a contractor in which the contractor claimed damages related to SHA's rejection of their bid. Subsequently the case was dismissed, but the contractor appealed the decision, and the case is pending in the Division III of the Court of Appeals. The principal damages claimed by the contractor was \$117,746, the likely outcome of this suit is not known as of June 30, 2011.

NOTE 10— RELATED PARTY TRANSACTIONS:

Pursuant to Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, (GASB-14), the limited partnerships are defined as component units and are discretely presented in the financial statements of the Housing Authority. The fiscal year end of all the tax credit limited partnerships is December 31. Accordingly, the financial results included in the accompanying financial statements are for the year ended December 31, 2010.

Heritage Heights Apartment Limited Partnership and Westfall Village Apartments Limited Partnership – was formed during Fiscal Year 1995 with the Spokane Housing Authority, serving as the General Partner, and James W. Eckberg, serving as the Initial Limited Partner pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. On July 5, 1996, James W. Eckberg withdrew from the partnership and Spokane II LIH Apartments, Inc. (U.S. Bank) was admitted as the new limited partner for both projects. The partnership agreement for each limited partnership stipulates that certain fees will be paid to the general partner (Spokane Housing Authority) by the partnership. As a result of the sale of the assets to the Authority, all fees due were included in the purchase price. See Note 14 – Special Items – Sale of Projects for further detail. Subsequent to the sale of the assets, the partnerships were dissolved.

Cornerstone II – The Borning Building Limited Partnership – was formed during the fiscal year ending June 30, 2006 pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Spokane Housing Authority is the general partner, with a .01% share of the ownership, and the initial limited partner was Washington Housing Equity Alliance, with ownership of 99.99%. On May 22, 2007, U.S. Bancorp Community Development Corporation was admitted as the new limited partner. The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, long-term appreciation, and tax deductions from depreciation.

The Cornerstone Courtyard Apartments (formerly the Borning Building) were completed in February 2008. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and the Federal Home Loan Bank.

The Spokane Housing Authority holds legal title to the property, and on June 7, 2006 a financing lease agreement was entered into between the Authority and Cornerstone II – The Borning Building Limited Partnership. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 10— RELATED PARTY TRANSACTIONS (continued):

The partnership agreement for the Cornerstone Courtyard stipulates that partnership management fees be paid to the general partner (the Housing Authority) in the amount of \$15,000 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall accrue. For the year ended December 31, 2010 the partnership management fee expense was \$15,000. Total partnership management fees owed as of December 31, 2010 were \$45,000.

Cornerstone II – Helena Apartments Limited Partnership – was formed on December 9, 2008 for the purpose of acquiring, developing, leasing, operating and managing the Pearl on Adams Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Northwest Housing Group LLC, of which Spokane Housing Authority is the only member, is the general partner, with a .01% share of ownership in the project, and the limited partner is U.S. Bancorp Community Development. The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

The Pearl on Adams Apartments was completed November 2009 and has 35 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, U.S. Bank National Association, and Bank of America.

The Spokane Housing Authority holds legal title to the property, and on September 9, 2008 a financing lease agreement was entered into between the Authority and Cornerstone II – Helena Apartments, LP. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

The partnership agreement for the Pearl on Adams stipulates that partnership management fees be paid to the general partner (the Housing Authority) in the amount of \$7,500 annually for services rendered in managing the business of the partnership. The fee is to be paid to the extent cash flow is available and if net cash flow is not available, the fee shall not accrue. For the year ended December 31, 2010 the partnership management fee expense was \$0. Total partnership management fees owed as of December 31, 2010 were \$0

Pursuant to the Amended and Restated Developer Management Agreement dated December 9, 2008, the Cornerstone II – Helena Apartments, L.P. agreed to pay the General Partner (Spokane Housing Authority) and Beacon Development Group, Inc (Developer) a fee of \$168,846 and \$513,091, respectively, for services relating to the development of the Pearl on Adams Apartments. As of December 31, 2010, development fee payable was \$251,025 to Beacon Development Group Inc. The unpaid portion of the Developer Fees does not bear interest and is payable out of cash flow, as further defined in the Partnership Agreement.

On September 29, 2010, the Cornerstone II – Helena Apartments, L.P. and the General Partner (Spokane Housing Authority), entered into the First Amendment to the Developer Agreement, where the partnership shall pay the General Partner (Spokane Housing Authority) and Beacon Development Group Inc (Developer) an additional development oversight fee in the amount of \$58,188. As of December 31, 2010, the development oversight fee payable was \$40,732 to Beacon Development Group Inc. and \$17,456 to the Spokane Housing Authority. The unpaid portion of the development oversight fee does not bear interest and is payable out of cash flow, as further defined in the Partnership Agreement.

Martindale Apartments Limited Partnership – was formed on November 12, 2010 for the purpose of acquiring, developing, leasing, operating and managing the Agnes Kehoe Place Apartments. The partnership was formed pursuant to the provisions of the Washington Uniform Limited Partnership Act, RCW 25.10. Martindale Manager, LLC, of which Spokane Housing Authority is the only member, is the general partner, with a .01% share of ownership in the project, and the limited partner is U.S. Bancorp Community Development. The partnership is organized to comply with Section 42 of the IRS Tax Code and applicable federal, state and local regulations and with loan conditions required by the project documents in order to obtain low income housing tax credits, cash income, and tax deductions from depreciation.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 10 — RELATED PARTY TRANSACTIONS (continued):

The Agnes Kehoe Place Apartments is scheduled to be completed in January 2012 and has 51 one-bedroom units for low income, homeless and disabled tenants. Funding was provided by Low-Income Housing Tax Credits, Federal Historic Rehabilitation Tax Credits, the Washington State Housing Trust Fund, the City of Spokane, and U.S. Bank National Association.

The Spokane Housing Authority holds legal title to the property, and on June 22, 2010 a financing lease agreement was entered into between the Authority and Martindale Apartments Limited Partnership. The lease allows the limited partnership (LP) to remain the owner for federal income tax purposes, and gives the LP an equity interest in all improvements to the property plus debt service payments.

NOTE 11 — PROPERTY MANAGEMENT FOR SPOKANE COUNTY:

The Spokane Housing Authority contracts with Spokane County to do property management for their transitional housing property, the Phoenix Apartments. The contract provides the Housing Authority with an additional \$1,600 per month of earned property management fee revenue.

NOTE 12 — CHENEY CARE CENTER CONDUIT BOND:

RCW 35.82 provides that Housing Authorities may issue tax-exempt bonds to carry out any of the purposes of the Authority. Housing Authorities are also specifically empowered to issue bonds in order to finance such activities when carried out by a separate non-profit entity. In 2005, the Spokane Housing Authority issued tax-exempt bonds in order for Cheney Care Center, a non-profit, to add 30 new assisted living units to the existing facility. All principal and interest payments are made by Cheney Care Center from revenue received from the project. As of June 30, 2011, the amount of debt outstanding on the Cheney Care Center conduit bond was \$4,708,856. The Spokane Housing Authority has no obligation for the debt.

NOTE 13 — EXTRAORDINARY ITEMS:

Significant transactions or events that are either unusual in nature or infrequent in occurrence, and are also not within the control of management are classified as extraordinary items. In fiscal year ending June 30, 2011 there were no extraordinary items to report.

NOTE 14 — CONSTRUCTION COMMITMENTS:

The Martindale Apartments Limited Partnership (see Note 10) is obligated under a construction contract dated November 1, 2010 with Walker Construction for the rehabilitation of the Agnes Kehoe Place totaling \$6,740,662. As of December 31, 2010, \$6,359,693 remained committed.

NOTE 15 — SPECIAL ITEMS – SALE OF PROJECTS:

Significant transactions or events within the control of management that are either unusual in nature or infrequent in occurrence are classified as special items.

On August 10, 2010, pursuant to the terms of the real estate purchase and sale agreements (the "Purchase and Sale Agreement"), the Heritage Heights Apartments and Westfall Village Apartments Limited Partnerships sold the Projects and all other assets of the Partnerships to the General Partner (Spokane Housing Authority) for a purchase price equal to the sum of all outstanding debts of the Partnership, which included the outstanding balances listed on the following page. Spokane Housing Authority borrowed funds to facilitate the purchase of these assets, and recorded the purchase of the assets at the net cost incurred.

Spokane Housing Authority
Notes to Basic Financial Statements (continued)
For the year ended June 30, 2011

NOTE 15 — SPECIAL ITEMS – SALE OF PROJECTS (continued):

	Heritage Heights Apartments	Westfall Village Apartments
<i>Cash Transactions:</i>		
Cash Transfer	\$ (226,592)	\$ (356,719)
Principle paid on Capital Debt	1,162,248	2,285,230
Interest Paid on Capital Debt	102,841	3,409
Payment to (from) Affiliates	67,452	10,000
Developer fees (paid) received	21,050	-
<i>Total Cash Transactions:</i>	1,126,999	1,941,920
<i>Non- Cash Transactions:</i>		
Receivables	(1,082)	(16,709)
Prepaid expenses	(2,445)	(1,901)
Capital Assets, Net of Depreciation	(1,902,241)	(3,525,742)
Other Assets	(15,989)	(138,342)
Accounts payable	11,434	16,710
Deferred Revenue	336	756
Due to related parties	5,067	15,752
Tenant security deposits	16,009	29,522
Long-term debt	200,000	350,000
Deferred interest	320,037	560,064
<i>Total Non-Cash Transactions:</i>	(1,368,874)	(2,709,890)
<i>Special Items Gain (Loss)</i>	\$ (241,875)	\$ (767,970)

NOTE 16 — PRIOR PERIOD ADJUSTMENTS:

Prior period adjustments are made to correct errors in prior year financial statements. In fiscal year ending June 30, 2011 an adjustment of (\$99) was recorded for Heritage Heights Apartments, Limited Partnership to correct the prior year net assets

NOTE 17 — SUBSEQUENT EVENTS:

On November 22, 2011, the Cheney Care Center Conduit Bond, issued by the Authority in 2005 (see Note 12) was refinanced by the Cheney Care Center, a non-profit entity, and paid in full. The Authority received a final payment of \$36,735 pursuant to the Loan Agreement for the annual loan fees payable for the remaining term of the Covenant Agreement.

Spokane Housing Authority

Notes to Basic Financial Statements (continued)

For the year ended June 30, 2011

NOTE 17 — ADOPTION OF NEW ACCOUNTING STANDARDS:

The Governmental Accounting Standards Board issued four new statements, which SHA adopted during the year ended June 30, 2011, with no impact on SHA's financial statements:

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets.

Statement No. 53, *Accounting and Financial Reporting for Derivative*, which establishes accounting and financial reporting requirements for derivative instruments.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. These Statement requirements related to the measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans.

Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

The Governmental Accounting Standards Board also issued five new statements, which will be effective for SHA in subsequent years:

Statement No. 59, *Financial Instruments Omnibus*, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. SHA does not anticipate an impact to their financial statements when they adopt the provisions of this statement beginning April 1, 2011.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, provides guidance related to financial reporting of service concession arrangements, which are a type of public-private or public-public partnerships. This guidance will be effective for SHA beginning April 1, 2012. SHA does not currently participate in these types of arrangements, so it is anticipated that there will be no impact related to the adoption of this standard.

Statement No. 61, *The Financial Reporting Entity Omnibus* – an amendment of GASB Statements No. 14 and No. 34, modifies requirements for inclusion of component units in the financial reporting entity. This guidance will be effective for SHA beginning April 1, 2013. SHA has performed a preliminary analysis of this guidance and does not believe it will affect the reporting methodology of the component units of SHA (Cornerstone Courtyard, The Pearl on Adams, and Agnes Kehoe Place), nor SHA's status as a stand-alone government.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This guidance will be effective for SHA beginning April 1, 2012. SHA does not believe there will be any significant impact to the financial reporting upon adoption of this guidance.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* – an amendment of GASB No. 53, provides clarification of the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider is replaced. This guidance will be effective for SHA beginning April 1, 2012, and SHA does not believe there will be an impact to the financial statements related to the adoption of this standard.

Spokane Housing Authority
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

Federal Program Name	CFDA Number	Other Identification Number	Expenditures from:		Total
			Pass-through Awards	Direct Awards	
U.S. Department of Housing and Urban Development (HUD):					
Moderate Rehab Single Room Occupancy	14.249	WA19K055003	\$ -	\$ 111,194	\$ 111,194
Moderate Rehab Single Room Occupancy	14.249	WA19K055006	-	281,744	281,744
Public and Indian Housing	14.850	WA19P055001008	-	288,255	288,255
Housing Choice Voucher Program	14.871	WA19V055008020	-	26,771,499	26,771,499
Public Housing Capital Fund	14.872	WA19P05550106	-	197,758	197,758
American Recovery Reinvestment Act - Competitive Capital Fund Stimulus Grant	14.884	WA05500000209R	-	375,000	375,000
Disaster Voucher Program	14.DVP	WA055DH0014	-	3,355	3,355
Veterans Affairs Support Housing	14.VSH	WA055VA0001	-	246,255	246,255
			-	28,275,060	28,275,060
Pass-through from Washington Department of Commerce:					
Housing Opportunities for Person with Aids	14.241	09-46201-11	115,984	-	115,984
Housing Opportunities for Person with Aids	14.241	09-46201-01	105,972	-	105,972
			221,956	-	221,956
Pass-through from County of Spokane:					
HOME Investment Partnership Program	14.239	N/A	66,209	-	66,209
HOME Investment Partnership Program	14.239	07-36	7,873	-	7,873
			74,082	-	74,082
Pass-through from City of Spokane:					
Shelter Plus Care	14.238	WA01C302001 / WA0115C07020802	126,538	-	126,538
HOME Investment Partnership Program	14.239	H92-MC530201	405,856	-	405,856
			532,394	-	532,394
Total Federal Expenditures			\$ 828,432	\$ 28,275,060	\$ 29,103,492

Spokane Housing Authority

Notes to the Schedule of Expenditures of Federal Awards

For the year ended June 30, 2011

NOTE 1 — BASIS OF ACCOUNTING:

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the accrual basis to report on the Schedule of Expenditures of Federal Awards.

NOTE 2 — SUBRECIPIENTS:

The following expenditures of the Housing Choice Vouchers Program (CFDA 14.871) were passed through to subrecipients:

Housing Assistance Payments	\$ 3,058,939
Administration fees	<u>352,128</u>
	<u>\$ 3,411,067</u>

Spokane Housing Authority

Financial Data Schedules

Line Item#	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA05500002	14.871Housing Choice Vouchers	6 Component Units	2 State/ Local	1Business Activities	14.238 Shelter Plus Care
111	Cash - unrestricted	\$ 122,149	\$ 520,790	\$ 787,574	\$ 301,216	\$ -	\$ 1,522,316	\$ -
112	Cash - restricted - modernization and development	-	-	-	-	-	971,038	-
113	Cash - other restricted	-	-	3,807,047	703,830	-	1,195,235	-
114	Cash - tenant security deposits	10,006	21,990	-	24,000	-	202,741	-
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-	-
100	Total cash	132,155	542,780	4,594,621	1,029,046	-	3,891,330	-
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	17,554	54,978	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	33,239
125	Accounts receivable - miscellaneous	-	20,160	3,205	-	-	38,285	-
126	Accounts receivable - tenants - dwelling rents	342	4,888	-	28,638	-	36,987	-
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	(14,177)	-	(2,430)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud recovery	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
120	Total receivables, net of allow. for doubtful accounts	17,896	80,026	3,205	14,461	-	72,842	33,239
131	Investments - unrestricted	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	1,580	472	3,850	5,777	-	14,896	-
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Inter program due from	439	8,682	-	1,464	4,572	1,379	-
145	Assets held for sale	-	-	-	-	-	-	-
150	Total current assets	152,070	631,960	4,601,676	1,050,748	4,572	3,980,447	33,239
161	Land	10,000	750,000	-	623,867	-	1,737,976	-
162	Buildings	2,448,120	4,512,120	-	17,683,118	-	20,909,025	-
163	Furniture, equipment & machinery - dwellings	164,248	176,646	-	221,239	-	795,488	-
164	Furniture, equipment & machinery - administration	105,138	32,771	193,705	96,811	-	114,855	-
165	Leasehold improvements	629,461	1,049,245	48,925	121,678	-	1,275,311	-
166	Accumulated depreciation	(2,655,344)	(3,889,947)	(232,226)	(1,522,019)	-	(7,666,635)	-
167	Construction in progress	-	442,735	-	1,710,307	-	-	-
168	Infrastructure	-	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	701,623	3,073,570	10,404	18,935,001	-	17,166,020	-
171	Notes, loans and mortgages receivable - non-current	-	-	-	-	-	-	-
172	Notes, loans and mortgages receivable - non-current - past due	-	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-	-	-
174	Other assets	-	-	-	310,485	-	435,956	-
176	Investments in joint ventures	-	-	-	-	-	-	-
180	Total non-current assets	701,623	3,073,570	10,404	19,245,486	-	17,601,976	-
190	Total assets	\$ 853,693	\$ 3,705,530	\$ 4,612,080	\$ 20,296,234	\$ 4,572	\$ 21,582,423	\$ 33,239

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14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	14.VSHHUD Veterans Affairs Support Housing	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.884 Competitive Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ 671	\$ -	\$ 7,309	\$ 32,480	\$ 17,585	\$ -	\$ 1,273,401	\$ 4,585,491	\$ -	\$ 4,585,491
-	-	-	-	-	-	-	-	-	971,038	-	971,038
-	-	-	-	-	5,462	2,943	-	-	5,714,517	-	5,714,517
-	-	-	-	-	-	-	-	-	258,737	-	258,737
-	-	-	-	-	-	-	-	-	-	-	-
-	-	671	-	7,309	37,942	20,528	-	1,273,401	11,529,783	-	11,529,783
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	72,532	-	72,532
50,789	25,175	-	-	-	-	-	-	-	109,203	-	109,203
-	-	-	-	-	-	-	-	75,212	136,862	-	136,862
-	-	-	-	-	-	-	-	-	70,855	-	70,855
-	-	-	-	-	-	-	-	-	(16,607)	-	(16,607)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	11,297	11,297	11,297	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,982	1,982	1,982	-
50,789	25,175	-	-	-	-	-	-	88,491	386,124	13,279	372,845
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	60,280	86,855	-	86,855
-	-	-	-	-	-	-	-	959	959	-	959
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	658,968	675,504	512,537	162,967
-	-	-	-	-	-	-	-	-	-	-	-
50,789	25,175	671	-	7,309	37,942	20,528	-	2,082,099	12,679,225	525,816	12,153,409
-	-	-	-	-	-	-	-	267,563	3,389,406	-	3,389,406
-	-	-	-	-	-	-	-	1,175,899	46,728,282	-	46,728,282
-	-	-	-	-	-	-	-	-	1,357,621	-	1,357,621
-	-	-	-	-	2,358	3,538	-	321,862	871,038	-	871,038
-	-	-	-	-	642	962	-	133,980	3,260,204	-	3,260,204
-	-	-	-	-	(3,000)	(4,500)	-	(714,958)	(16,688,629)	-	(16,688,629)
-	-	-	-	-	-	-	-	-	2,153,042	-	2,153,042
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,184,346	41,070,964	-	41,070,964
-	-	-	-	-	-	-	-	125,860	125,860	125,860	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	63,648	810,089	-	810,089
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,373,854	42,006,913	125,860	41,881,053
\$ 50,789	\$ 25,175	\$ 671	\$ -	\$ 7,309	\$ 37,942	\$ 20,528	\$ -	\$ 3,455,953	\$ 54,686,138	\$ 651,676	\$ 54,034,462

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item#	Account description	Parson's Apartments WA0550000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/ Local	1 Business Activities	14.238 Shelter Plus Care
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable less than 90 days	19,311	12,956	27,910	340,231	-	130,631	-
313	Accounts payable greater than 90 days	-	-	-	-	-	-	-
321	Accrued wages / payroll taxes payable	-	-	-	-	-	-	-
322	Accrued compensated absences - current portion	372	559	6,234	-	-	-	-
324	Accrued contingency liability	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	179,190	-
331	Accounts payable - HUD PHA programs	-	-	20,593	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-
341	Tenant security deposits	10,006	21,990	-	24,000	-	202,741	-
342	Deferred revenues	607	4,489	592,874	3,079	4,572	32,545	-
	Current portion of long-term debt -							
343	capital projects/mortgage revenue bonds	-	-	-	169,911	-	388,393	-
344	Current portion of long-term debt - op. borrowings	-	-	-	-	-	11,297	-
345	Other current liabilities	4,356	-	103	347,310	-	15,896	-
346	Accrued liabilities - other	-	-	-	-	-	-	-
347	Inter program - due to	22,817	439	43,318	44,382	-	214,294	40,446
348	Loan liability - current	-	-	-	-	-	-	-
310	Total current liabilities	57,469	40,433	691,032	928,913	4,572	1,174,987	40,446
	Long-term debt, net of current -							
351	capital projects/mortgage revenue bonds	-	-	-	4,481,522	-	21,639,810	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	125,860	-
353	Non-current liabilities - other	-	-	-	72,716	-	972,790	-
354	Accrued compensated absences - non-current	2,494	3,740	43,374	-	-	-	-
355	Loan liability - non-current	-	-	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-
350	Total non-current liabilities	2,494	3,740	43,374	4,554,238	-	22,738,460	-
300	Total liabilities	59,963	44,173	734,406	5,483,151	4,572	23,913,447	40,446
508.1	Invested in capital assets, net of related debt	701,623	3,073,570	10,404	14,283,568	-	(4,862,183)	-
509.2	Fund balance reserved	-	-	-	-	-	-	-
511.2	Unreserved, designated fund balance	-	-	-	-	-	-	-
511.1	Restricted net assets	-	-	3,214,173	703,830	-	2,166,273	-
512.1	Unrestricted net assets	92,107	587,787	653,097	(174,315)	-	364,886	(7,207)
512.2	Unreserved, undesignated fund balance	-	-	-	-	-	-	-
513	Total equity/net assets	793,730	3,661,357	3,877,674	14,813,083	-	(2,331,024)	(7,207)
600	Total liabilities and equity/net assets	\$ 853,693	\$ 3,705,530	\$ 4,612,080	\$ 20,296,234	\$ 4,572	\$ 21,582,423	\$ 33,239

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14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	14.VSHHUD Veterans Affairs Support Housing	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.884 Competitive Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
\$ -	\$ -	\$ 5,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,330	\$ -	\$ 5,330
-	-	-	-	-	-	-	-	10,911	541,950	-	541,950
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	148,999	148,999	-	148,999
-	-	-	-	-	-	-	-	9,456	16,621	-	16,621
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	179,190	536	178,654
-	-	-	-	-	1,895	1,226	-	-	23,714	-	23,714
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	258,737	-	258,737
-	-	-	-	-	-	-	-	-	638,166	-	638,166
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	17,904	576,208	-	576,208
-	-	-	-	-	-	-	-	-	11,297	11,297	-
-	-	-	-	-	-	-	-	29,226	396,891	-	396,891
-	-	-	-	-	-	-	-	-	-	-	-
71,318	22,191	-	-	-	-	-	-	208,614	667,819	512,537	155,282
-	-	-	-	-	-	-	-	-	-	-	-
71,318	22,191	5,330	-	-	1,895	1,226	-	425,110	3,464,922	524,370	2,940,552
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	453,704	26,575,036	-	26,575,036
-	-	-	-	-	-	-	-	-	125,860	125,860	-
-	-	-	-	-	-	-	-	-	1,045,506	1,446	1,044,060
-	-	-	-	-	-	-	-	149,671	199,279	-	199,279
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	603,375	27,945,681	127,306	27,818,375
71,318	22,191	5,330	-	-	1,895	1,226	-	1,028,485	31,410,603	651,676	30,758,927
-	-	-	-	-	-	-	-	712,738	13,919,720	-	13,919,720
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	6,084,276	-	6,084,276
(20,529)	2,984	(4,659)	-	7,309	36,047	19,302	-	1,714,730	3,271,539	-	3,271,539
-	-	-	-	-	-	-	-	-	-	-	-
(20,529)	2,984	(4,659)	-	7,309	36,047	19,302	-	2,427,468	23,275,535	-	23,275,535
\$ 50,789	\$ 25,175	\$ 671	\$ -	\$ 7,309	\$ 37,942	\$ 20,528	\$ -	\$ 3,455,953	\$ 54,686,138	\$ 651,676	\$ 54,034,462

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item#	Account description	Parson's Apartments WA0550000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/ Local	1 Business Activities	14.238 Shelter Plus Care
70300	Net tenant rental revenue	\$ 16,291	\$ 202,267	\$ -	\$ 1,120,630	\$ -	\$ 2,816,896	\$ -
70400	Tenant revenue - other	7,024	17,496	-	48,123	-	126,635	-
70500	Total tenant revenue	123,315	219,763	-	1,168,753	-	2,943,531	-
70600	HUD PHA operating grants	124,606	210,320	27,704,065	-	-	147,261	-
70610	Capital grants	95,496	55,591	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-
70700	Total fee revenue	220,102	265,911	27,704,065	-	-	147,261	-
70800	Other government grants	-	-	-	-	1,144	-	121,474
71100	Investment income - unrestricted	334	1,738	1,945	2,342	-	6,251	-
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	58,441	-	-	-	-
71500	Other revenue	10,104	32,605	6	310	-	8,559	-
71600	Gain or loss on sale of capital assets	-	(210)	-	-	-	(35)	-
72000	Investment income - restricted	-	-	6,049	-	-	53	-
70000	Total revenue	\$ 353,855	\$ 519,807	\$ 27,770,506	\$ 1,171,405	\$ 1,144	\$ 3,105,620	\$ 121,474

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14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	14.VSHHUD Veterans Affairs Support Housing	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.884 Competitive Capital Fund Stimulus Grant	COC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,256,084	\$ -	\$ 4,256,084
-	-	-	-	-	-	-	-	-	199,278	-	199,278
-	-	-	-	-	-	-	-	-	4,455,362	-	4,455,362
-	-	-	387,232	-	286,262	113,611	-	-	28,973,357	-	28,973,357
-	-	-	-	-	-	-	375,000	-	526,087	-	526,087
-	-	-	-	-	-	-	-	1,066,105	1,066,105	884,119	181,986
-	-	-	-	-	-	-	-	15,000	15,000	15,000	-
-	-	-	-	-	-	-	-	442,920	442,920	442,920	-
-	-	-	-	-	-	-	-	55,958	55,958	36,303	19,655
-	-	-	-	-	-	-	-	15,000	15,000	-	15,000
-	-	-	387,232	-	286,262	113,611	375,000	1,594,983	31,094,427	1,378,342	29,716,085
477,484	221,952	-	-	-	-	-	-	-	822,054	-	822,054
-	-	1	-	9	43	22	-	9,937	22,622	3,290	19,332
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	187	-	-	-	-	-	58,628	-	58,628
-	-	-	-	-	-	-	-	294,292	345,876	-	345,876
-	-	-	-	-	-	-	-	-	(245)	-	(245)
-	-	-	550	-	-	-	-	-	6,652	-	6,652
\$ 477,484	\$ 221,952	\$ 1	\$ 387,969	\$ 9	\$ 286,305	\$ 113,633	\$ 375,000	\$ 1,899,212	\$ 36,805,376	\$ 1,381,632	\$ 35,423,744

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item#	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA05500002	14.871 Housing Choice Vouchers	6 Component Units	2 State/ Local	1 Business Activities	14.238 Shelter Plus Care
91100	Administrative salaries	\$ 38,563	\$ 52,360	\$ 970,561	\$ 78,977	\$ 12	\$ 170,499	\$ 3,130
91200	Auditing fees	2,594	2,200	28,061	47,025	-	25	-
91300	Management fee	37,201	45,872	680,232	80,101	-	196,954	-
91310	Bookkeeping fee	4,327	6,458	425,145	-	-	-	-
91400	Advertising and marketing	366	147	-	69,439	-	36,965	-
91500	Employee benefit contributions - administrative	13,602	18,124	378,401	25,887	4	71,946	1,068
91600	Office expenses	8,518	11,208	37,514	35,708	-	50,857	5,562
91700	Legal expense	33	21,201	42,639	6,449	-	18,486	-
91800	Travel	1,887	1,087	9,688	68	3	879	-
91810	Allocated overhead	-	-	-	-	-	-	-
91900	Other	-	-	-	28,945	-	9,275	-
91000	Total operating - administrative	107,091	158,657	2,572,241	372,599	19	555,886	9,760
92000	Asset management fee	6,000	9,000	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-
92400	Tenant services - other	506	50	-	337	-	4,135	-
92500	Total tenant services	6,506	9,050	-	337	-	4,135	-
93100	Water	3,556	18,895	-	12,587	-	75,379	-
93200	Electricity	18,513	3,292	-	49,388	-	132,845	-
93300	Gas	7,234	590	-	18,328	-	20,840	-
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-
93600	Sewer	25,453	36,608	-	85,649	-	202,373	-
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-
93800	Other utilities expense	1,144	-	-	3,076	-	3,199	-
93000	Total utilities	55,900	59,385	-	169,028	-	434,636	-
94100	Ordinary maint. and operations - labor	35,654	61,558	-	67,669	-	235,210	-
94200	Ordinary maint. and operations - materials and other	5,604	28,807	12,935	26,482	-	65,323	-
94300	Ordinary maint. and operations contracts	24,221	87,483	387,327	118,175	1,125	319,558	160
94500	Employee benefit contributions - ordinary maint.	12,576	21,308	-	22,181	-	99,252	-
94000	Total maintenance	78,055	199,156	400,262	234,507	1,125	719,343	160
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services - other contract costs	498	144	-	3,447	-	3,037	-
95300	Protective services - other	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-
95000	Total protective services	498	144	-	3,447	-	3,037	-
96110	Property insurance	4,496	11,798	-	21,998	-	33,904	-
96120	Liability insurance	458	662	-	5,170	-	5,683	-
96130	Workmen's compensation	-	-	-	-	-	-	-
96140	All other insurance	961	2,942	12,881	12,829	-	5,529	-
96100	Total insurance premiums	5,915	15,402	12,881	39,997	-	45,116	-

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14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	14.VSHHUD Veterans Affairs Support Housing	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.884 Competitive Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
\$ 13,934	\$ 6,912	\$ 29	\$ -	\$ -	\$ 2,662	\$ 1,073	\$ -	\$ 930,326	\$ 2,269,038	\$ -	\$ 2,269,038
-	-	8	-	-	2,700	1,300	-	7,036	90,949	-	90,949
-	-	96	-	-	7,488	3,600	-	-	1,051,544	884,119	167,425
-	-	60	-	-	4,680	2,250	-	-	442,920	442,920	-
-	-	-	-	-	-	-	-	-	106,917	-	106,917
4,975	2,979	11	-	-	843	331	-	269,125	787,296	-	787,296
14,847	10,331	212	-	-	19,233	9,283	-	170,944	374,187	-	374,187
-	-	-	-	-	-	-	-	16,599	105,407	-	105,407
-	-	-	-	-	-	-	-	54,424	68,036	-	68,036
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	38,220	-	38,220
33,756	20,222	416	-	-	37,606	17,837	-	1,448,424	5,334,514	1,327,039	4,007,475
-	-	-	-	-	-	-	-	-	15,000	15,000	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	5,028	-	5,028
-	-	-	-	-	-	-	-	-	20,028	15,000	5,028
-	-	-	-	-	-	-	-	-	110,417	-	110,417
-	-	-	-	-	-	-	-	-	204,038	-	204,038
-	-	-	-	-	-	-	-	-	46,992	-	46,992
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	350,083	-	350,083
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	7,419	-	7,419
-	-	-	-	-	-	-	-	-	718,949	-	718,949
-	-	-	-	-	-	-	-	96,330	496,421	-	496,421
44	110	-	-	-	-	-	-	6,537	145,842	-	145,842
930	-	-	-	-	-	-	-	177,185	1,116,164	36,303	1,079,861
-	-	-	-	-	-	-	-	27,867	183,184	-	183,184
974	110	-	-	-	-	-	-	307,919	1,941,611	36,303	1,905,308
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	7,126	-	7,126
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	7,126	-	7,126
-	-	-	-	-	-	-	-	1,899	74,095	-	74,095
-	-	-	-	-	-	-	-	53	12,026	-	12,026
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,717	39,859	-	39,859
-	-	-	-	-	-	-	-	6,669	125,980	-	125,980

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item#	Account description	Parson's Apartments WA055000001	Low Rent Scattered Sites WA05500002	14.871 Housing Choice Vouchers	6 Component Units	2 State/ Local	1 Business Activities	14.238 Shelter Plus Care
96200	Other general expenses	\$ 100	\$ 150	\$ 60,619	\$ 514	\$ -	\$ 1,712	\$ 110
96210	Compensated absences	-	-	-	-	-	-	-
96300	Payments in lieu of taxes	968	9,230	-	-	-	4,510	-
96400	Bad debt - tenant rents	1,751	5,635	-	18,394	-	43,454	-
96500	Bad debt - mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-
96000	Total other general expenses	2,819	15,015	60,619	18,908	-	49,676	110
96710	Interest of mortgage (or bonds) payable	-	-	-	312,571	-	916,781	-
96720	Interest on notes payable (short and long-term)	-	-	-	-	-	3,290	-
96730	Amortization of bond issue costs	-	-	-	-	-	212,522	-
96700	Total interest expense and amortization cost	-	-	-	312,571	-	941,323	-
96900	Total operating expenses	256,784	456,809	3,046,003	1,151,394	1,144	2,753,152	10,030
97000	Excess of operating revenue over operating expenses	97,071	62,998	24,724,503	20,011	-	352,468	111,444
97100	Extraordinary maintenance	7,664	-	-	1,858	-	34,805	-
97200	Casualty losses - non-capitalized	-	2,461	-	-	-	(36,758)	-
97300	Housing assistance payments	-	-	23,725,496	-	-	-	116,508
97350	HAP portability-in	-	-	-	-	-	-	-
97400	Depreciation expense	43,541	262,427	8,760	964,758	-	816,567	-
97500	Fraud losses	-	-	-	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
90000	Total expenses	307,989	721,697	26,780,259	2,118,010	1,144	3,567,766	126,538
10010	Operating transfer in	10,758	16,137	-	-	-	-	-
10020	Operating transfer out	(10,758)	(16,137)	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	7,102,092	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-	-	-	-
10060	Proceeds from property sales	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	(1,009,845)	-	-	-
10091	Inter project excess cash transfer in	-	-	-	-	-	-	-
10092	Inter project excess cash transfer out	-	-	-	-	-	-	-
10093	Transfers between program and project - in	-	35,255	-	-	-	-	1,248
10094	Transfers between program and project - out	-	-	-	-	-	-	(1,680)
10100	Total other financing sources (uses)	-	35,255	-	6,092,247	-	-	(432)
10000	total expenses	\$ 45,866	\$ (166,635)	\$ 990,247	\$ 5,145,642	\$ -	\$ (462,146)	\$ (5,496)

June 30, 2011

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	14.VSHHUD Veterans Affairs Support Housing	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.884 Competitive Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,694	\$ 91,949	\$ -	\$ 91,949
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	14,708	-	14,708
-	-	-	-	-	-	-	-	-	69,234	-	69,234
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-	28,694	175,891	-	175,891
-	-	-	-	-	-	-	-	23,562	1,252,914	-	1,252,914
-	-	-	-	-	-	-	-	-	3,290	3,290	-
-	-	-	-	-	-	-	-	-	21,252	-	21,252
-	-	-	-	-	-	-	-	23,562	1,277,456	3,290	1,274,166
34,780	20,332	416	-	-	37,606	17,837	-	1815,268	9,601,555	1,381,632	8,219,923
442,704	201,620	(415)	387,969	9	248,699	95,796	375,000	83,944	27,203,821	-	27,203,821
-	-	-	-	-	-	-	-	-	44,327	-	44,327
-	-	-	-	-	-	-	-	-	(34,297)	-	(34,297)
445,158	201,624	2,939	246,255	-	244,138	93,357	-	-	25,075,475	-	25,075,475
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	96,084	2,192,137	-	2,192,137
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
479,938	221,956	3,355	246,255	-	281,744	111,194	-	1911,352	36,879,197	1,381,632	35,497,565
-	-	-	-	-	-	-	-	-	26,895	26,895	-
-	-	-	-	-	-	-	-	-	(26,895)	(26,895)	-
-	-	-	-	-	-	-	-	-	7,102,092	-	7,102,092
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(1,009,845)	-	(1,009,845)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
4,523	-	-	-	-	-	-	-	-	41,026	41,026	-
-	-	-	-	-	-	-	-	(39,346)	(41,026)	(41,026)	-
4,523	-	-	-	-	-	-	-	(39,346)	6,092,247	-	6,092,247
\$ 2,069	\$ (4)	\$ (3,354)	\$ 141,714	\$ 9	\$ 4,561	\$ 2,439	\$ 375,000	\$ (51,486)	\$ 6,018,426	\$ -	\$ 6,018,426

Spokane Housing Authority

Financial Data Schedules (continued)

Line Item#	Account description	Parson's Apartments WA0550000001	Low Rent Scattered Sites WA055000002	14.871 Housing Choice Vouchers	6 Component Units	2 State/ Local	1 Business Activities	14.238 Shelter Plus Care
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ 9,655,618	\$ -	\$ 333,357	\$ -
11030	Beginning equity	747,864	3,452,992	2,472,684	9,667,540	-	(1,868,878)	(1,711)
11040	Prior period adjustments, equity transfers & corrections	-	375,000	414,743	(99)	-	-	-
11050	Changes in compensated absence balance	-	-	-	-	-	-	-
11060	Changes in contingent liability balance	-	-	-	-	-	-	-
11070	Changes in unrecognized pension transition liability	-	-	-	-	-	-	-
11080	Changes in special term/severance benefits liability	-	-	-	-	-	-	-
11090	Changes in allow. for doubtful accounts - dwelling rents	-	-	-	-	-	-	-
11100	Changes in allowance for doubtful accounts - other	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	663,501	-	-	-	-
11180	Housing assistance payments equity	-	-	3,214,173	-	-	-	-
11190	Unit months available	600	896	55,476	2,396	-	5,896	320
11210	Number of unit months leased	577	857	55,271	2,267	-	5,215	320
11270	Excess cash	72,607	553,652	-	-	-	-	-
11610	Land purchases	-	-	-	-	-	-	-
11620	Building purchases	86,421	336,474	-	-	-	-	-
11630	Furniture and equipment - dwelling purchases	717	1,826	-	-	-	-	-
11640	Furniture and equipment - administrative purchases	1,861	-	-	-	-	-	-
11650	Leasehold improvements purchases	6,497	53,765	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-	-	-
13510	CFFP debt service payments	-	-	-	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-	-	-	-

June 30, 2011

14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Person with Aids	14.DVP Disaster Voucher Program	14.VSHHUD Veterans Affairs Support Housing	97.109 Disaster Housing Assist. Grant	8 Other Federal Program 1	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.884 Competitive Capital Fund Stimulus Grant	COC	Subtotal	ELIM	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,612	\$ 10,272,587	\$ -	\$ 10,272,587
(22,598)	2,988	(1,305)	273,029	7,300	31,486	16,863	-	2,478,954	17,257,208	-	17,257,208
-	-	-	(414,743)	-	-	-	(375,000)	-	(99)	-	(99)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	663,501	-	663,501
-	-	-	-	-	-	-	-	-	3,214,173	-	3,214,173
905	614	7	1,140	-	624	300	-	-	69,174	-	69,174
905	614	7	713	-	609	293	-	-	67,648	-	67,648
-	-	-	-	-	-	-	-	-	626,259	-	626,259
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	94,976	517,871	-	517,871
-	-	-	-	-	-	-	-	-	2,543	-	2,543
-	-	-	-	-	-	-	-	47,215	49,076	-	49,076
-	-	-	-	-	-	-	-	2,590	62,852	-	62,852
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: <i>Spokane Housing Authority</i>	Modernization Project Number: <i>WA19P055501-07</i>
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ <i>189,750</i>
B. Funds Disbursed	\$ <i>189,750</i>
C. Funds Expended (Actual Modernization Cost)	\$ <i>189,750</i>
D. Amount to be Recaptured (A-C)	\$ <i>0</i>
E. Excess of Funds Disbursed (B-C)	\$ <i>0</i>

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *[Signature]* *1/8/2010*

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X *[Signature]*

1/20/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 3/31/2010)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

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HA Name:

Modernization Project Number:

Spokane Housing Authority

WA19P055501-08

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 185,771
B. Funds Disbursed	\$ 185,771
C. Funds Expended (Actual Modernization Cost)	\$ 185,771
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

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Signature of Executive Director & Date:

X
cw  2/8/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X 

2/23/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 1/01/2014)

Comprehensive Improvement Assistance Program (CIAP) Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

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HA Name:	Modernization Project Number:
SPOKANE HOUSING AUTHORITY	WA19P055501-09

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$	199,630.00
B. Funds Disbursed	\$	199,630.00
C. Funds Expended (Actual Modernization Cost)	\$	199,630.00
D. Amount to be Recaptured (A-C)	\$	0
E. Excess of Funds Disbursed (B-C)	\$	0

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

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Signature of Executive Director & Date:

X

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 3/31/2010)

Comprehensive Improvement Assistance Program (CIAP) Comprehensive Grant Program (CGP)

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HA Name:

Spokane Housing Authority

Modernization Project Number:

WA19S05530109

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 235,149
B. Funds Disbursed	\$ 235,149
C. Funds Expended (Actual Modernization Cost)	\$ 235,149
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

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Signature of Executive Director & Date:

X

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3

Spokane Housing Authority

Combining Statement of Net Assets

	Section 8	Low Rent- Parsons Apartments	Low Rent- Scattered Sites	Courtview Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
Assets								
<i>Current Assets:</i>								
Cash - unrestricted	\$ 840,289	\$ 122,149	\$ 520,790	\$ 85,767	\$ 14,776	\$ 45,299	\$ 165,465	\$ 414,682
Receivables, net of allowance	3,205	17,896	80,026	76	791	-	888	20,095
Prepays and other assets	3,850	1,580	472	-	-	-	-	7,932
Inventories	-	-	-	-	-	-	-	-
Interprogram due from	-	439	8,682	-	-	-	-	-
	<u>847,344</u>	<u>142,064</u>	<u>609,970</u>	<u>85,843</u>	<u>15,567</u>	<u>45,299</u>	<u>166,353</u>	<u>442,709</u>
<i>Restricted Assets:</i>								
Cash - other restricted	3,815,452	-	-	-	-	-	-	13,833
Cash - tenant security deposits	-	10,006	21,990	3,825	1,200	-	29,775	75,968
	<u>3,815,452</u>	<u>10,006</u>	<u>21,990</u>	<u>3,825</u>	<u>1,200</u>	<u>-</u>	<u>29,775</u>	<u>89,801</u>
Total current assets	<u>4,662,796</u>	<u>152,070</u>	<u>631,960</u>	<u>89,668</u>	<u>16,767</u>	<u>45,299</u>	<u>196,128</u>	<u>532,510</u>
<i>Noncurrent Assets:</i>								
Restricted cash & cash equivalents	-	-	-	-	-	-	302,206	557,998
<i>Capital assets:</i>								
Land	-	10,000	750,000	38,000	-	20,000	307,900	620,000
Buildings	-	2,448,120	4,512,120	289,136	378,240	127,901	1,920,025	8,805,515
Furniture, equipment and machinery - dwellings	-	164,248	176,646	35,319	4,888	4,275	51,919	447,335
Furniture, equipment and machinery - admin	199,601	105,138	32,771	3,805	-	-	27,309	37,106
Leasehold improvements	50,529	629,461	1,049,245	84,483	9,096	65,251	288,753	565,019
Construction in progress	-	-	442,735	-	-	-	-	-
Accumulated depreciation	(239,726)	(2,655,344)	(3,889,947)	(320,609)	(127,160)	(137,694)	(648,224)	(4,222,457)
Other noncurrent assets	-	-	-	-	-	-	65,547	238,251
Total noncurrent assets	<u>10,404</u>	<u>701,623</u>	<u>3,073,570</u>	<u>130,134</u>	<u>265,064</u>	<u>79,733</u>	<u>2,315,435</u>	<u>7,048,767</u>
Total assets	<u>\$ 4,673,200</u>	<u>\$ 853,693</u>	<u>\$ 3,705,530</u>	<u>\$ 219,802</u>	<u>\$ 281,831</u>	<u>\$ 125,032</u>	<u>\$ 2,511,563</u>	<u>\$ 7,581,277</u>

The notes to the financial statements are an integral part of these statements.

June 30, 2011

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Unrestricted Reserve	Subtotal	Eliminating Entries	Total
\$ 96,122	\$ 85,660	\$ 12,370	\$ 240,992	\$ 361,183	\$ -	\$ 1,273,401	\$ 4,278,945	\$ -	\$ 4,278,945
3,111	2,164	2,340	21,652	21,725	109,203	88,491	371,663	(13,279)	358,384
-	-	-	2,505	4,459	-	60,280	81,078	-	81,078
-	-	-	-	-	-	959	959	-	959
-	-	-	1,379	-	4,572	658,968	674,040	(512,537)	161,503
99,233	87,824	14,710	266,528	387,367	113,775	2,082,099	5,406,685	(525,816)	4,880,869
-	-	-	311,751	645,454	-	-	4,786,490	-	4,786,490
30,935	7,496	6,688	16,009	30,845	-	-	234,737	-	234,737
30,935	7,496	6,688	327,760	676,299	-	-	5,021,227	-	5,021,227
130,168	95,320	21,398	594,288	1,063,666	113,775	2,082,099	10,427,912	(525,816)	9,902,096
335,031	-	-	-	-	-	-	1,195,235	-	1,195,235
250,200	50,000	49,000	112,157	290,719	-	267,563	2,765,539	-	2,765,539
2,912,989	1,395,820	702,422	1,590,792	2,786,185	-	1,175,899	29,045,164	-	29,045,164
187,651	51,051	6,761	1,157	5,132	-	-	1,136,382	-	1,136,382
3,851	42,784	-	-	-	-	321,862	774,227	-	774,227
156,861	50,718	43,717	1,452	9,961	-	133,980	3,138,526	-	3,138,526
-	-	-	-	-	-	-	442,735	-	442,735
(1,497,520)	(463,916)	(195,487)	(19,303)	(34,265)	-	(714,958)	(15,166,610)	-	(15,166,610)
-	-	8,060	62,073	62,025	-	189,508	625,464	(125,860)	499,604
2,349,063	1,126,457	614,473	1,748,328	3,119,757	-	1,373,854	23,956,662	(125,860)	23,830,802
<u>\$ 2,479,231</u>	<u>\$ 1,221,777</u>	<u>\$ 635,871</u>	<u>\$ 2,342,616</u>	<u>\$ 4,183,423</u>	<u>\$ 113,775</u>	<u>\$ 3,455,953</u>	<u>\$ 34,384,574</u>	<u>\$ (651,676)</u>	<u>\$ 33,732,898</u>

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority

Combining Statement of Net Assets (continued)

	Section 8	Low Rent- Parsons Apartments	Low Rent- Scattered Sites	Courtview Apartments	Sharon Lord Apartments	Newark Apartments	Woodhaven Apartments	Valley 206 Apartments
Liabilities and Net Assets								
<i>Current Liabilities:</i>								
Accounts payable	\$ 27,910	\$ 19,311	\$ 12,956	\$ 285	\$ 1,119	\$ 310	\$ 20,243	\$ 30,842
Accounts payable - other govt.	23,714	-	-	-	-	-	-	-
Tenant security deposits	-	10,006	21,990	3,825	1,200	-	29,775	75,968
Accrued wages & payroll taxes	-	-	-	-	-	-	-	-
Accrued compensated absences, current portion	6,234	372	559	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	80,265	32,908
Deferred revenue	592,874	607	4,489	25	-	-	6,124	15,367
Current liabilities - other	103	4,356	-	5	344	7	1,630	4,655
Current portion long-term debt	-	-	-	-	-	-	63,244	163,558
Interprogram due to	43,318	22,817	439	2,198	9,342	1,330	13,072	56,943
Total current liabilities	694,153	57,469	40,433	6,338	12,005	1,647	214,353	380,241
<i>Noncurrent Liabilities:</i>								
Long-term debt, net of current	-	-	-	140,000	-	152,000	2,570,758	8,422,659
Accrued compensated absences, net of current	43,374	2,494	3,740	-	-	-	-	-
Noncurrent liabilities - other	-	-	-	-	-	-	-	-
Total noncurrent liabilities	43,374	2,494	3,740	140,000	-	152,000	2,570,758	8,422,659
Total liabilities	\$ 737,527	\$ 59,963	\$ 44,173	\$ 146,338	\$ 12,005	\$ 153,647	\$ 2,785,111	\$ 8,802,900
<i>Net Assets:</i>								
Invested in capital assets, net of related debt	10,404	701,623	3,073,570	(9,866)	265,064	(72,267)	(686,320)	(2,333,699)
Restricted net assets:								
Housing assistance payments	3,214,173	-	-	-	-	-	-	-
Debt service reserves	-	-	-	-	-	-	302,206	557,998
Project reserves	-	-	-	-	-	-	-	13,833
Unrestricted net assets	711,096	92,107	587,787	83,330	4,762	43,652	110,566	540,245
Total net assets	\$ 3,935,673	\$ 793,730	\$ 3,661,357	\$ 73,464	\$ 269,826	\$ (28,615)	\$ (273,548)	\$ (1,221,623)

The notes to the financial statements are an integral part of these statements

June 30, 2011

Cedar West Apartments	Hifumi En Apartments	McDonald Manor	Heritage Heights	Westfall Village	Grants	Unrestricted Reserve	Subtotal	Eliminating Entries	Total
\$ 9,833	\$ 12,950	\$ 4,138	\$ 32,114	\$ 18,797	\$ -	\$ 10,911	\$ 201,719	\$ -	\$ 201,719
-	-	-	-	-	-	-	23,714	-	23,714
30,935	7,496	6,688	16,009	30,845	-	-	234,737	-	234,737
-	-	-	-	-	-	148,999	148,999	-	148,999
-	-	-	-	-	-	9,456	16,621	-	16,621
65,481	536	-	-	-	-	-	179,190	(536)	178,654
4,532	45	2,857	994	2,601	4,572	-	635,087	-	635,087
7,772	103	1,281	99	-	-	29,226	49,581	-	49,581
81,297	18,976	17,811	19,442	35,362	-	17,904	417,594	(11,297)	406,297
22,891	53,421	1,337	15,217	38,543	133,955	208,614	623,437	(512,537)	110,900
222,741	93,527	34,112	83,875	126,148	138,527	425,110	2,530,679	(524,370)	2,006,309
2,842,318	1,559,704	668,491	1,924,027	3,485,713	-	453,704	22,219,374	(125,860)	22,093,514
-	-	-	-	-	-	149,671	199,279	-	199,279
1,446	-	-	357,709	613,635	-	-	972,790	(1,446)	971,344
2,843,764	1,559,704	668,491	2,281,736	4,099,348	-	603,375	23,391,443	(127,306)	23,264,137
\$ 3,066,505	\$ 1,653,231	\$ 702,603	\$ 2,365,611	\$ 4,225,496	\$ 138,527	\$ 1,028,485	\$ 25,922,122	\$ (651,676)	\$ 25,270,446
(798,987)	(425,662)	(79,889)	(257,214)	(463,343)	-	712,738	(363,848)	-	(363,848)
-	-	-	-	-	-	-	3,214,173	-	3,214,173
335,031	-	-	-	-	-	-	1,195,235	-	1,195,235
-	-	-	311,751	645,454	-	-	971,038	-	971,038
(123,318)	(5,792)	13,157	(77,532)	(224,184)	(24,752)	1,714,730	3,445,854	-	3,445,854
\$ (587,274)	\$ (431,454)	\$ (66,732)	\$ (22,995)	\$ (42,073)	\$ (24,752)	\$ 2,427,468	\$ 8,462,452	\$ -	\$ 8,462,452

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority

Combining Statement of Revenues, Expenses, and Changes in Net Assets

	Section 8	Low Rent- Parsons Apts	Low Rent- Scattered Sites	Courtview Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
Operating Revenue:								
Net tenant rental revenue	\$ -	\$ 116,291	\$ 202,267	\$ 57,220	\$ 26,678	\$ 38,016	\$ 535,324	\$ 1,201,710
HUD operating subsidy	28,491,170	124,606	210,320	-	-	-	-	-
Other governmental grants	-	-	-	-	-	-	-	-
Other tenant revenue	-	7,024	17,496	2,994	973	-	24,464	44,853
Other revenue	58,634	10,104	32,605	1	-	-	-	620
	<u>28,549,804</u>	<u>258,025</u>	<u>462,688</u>	<u>60,215</u>	<u>27,651</u>	<u>38,016</u>	<u>559,788</u>	<u>1,247,183</u>
Operating Expenses:								
Administrative:								
Administrative wages	974,325	38,563	52,360	8,304	2,076	4,151	17,723	60,281
Auditing fees	32,069	2,594	2,200	-	-	-	-	-
Employee benefit contributions	379,586	13,602	18,124	4,315	1,203	2,084	6,644	21,483
Management & bookkeeping fees	1,123,551	47,528	61,330	7,249	1,914	5,334	46,167	61,662
Other operating - administrative	118,569	10,804	33,643	963	537	478	21,917	45,618
Tenant services	-	506	50	-	3,440	-	24	397
	<u>2,628,100</u>	<u>113,597</u>	<u>167,707</u>	<u>20,831</u>	<u>9,170</u>	<u>12,047</u>	<u>92,475</u>	<u>189,441</u>
Utilities:								
Electricity	-	18,513	3,292	1,396	117	6,325	22,129	37,223
Other utilities expense	-	8,378	590	-	-	-	7,220	12,338
Sewer	-	25,453	36,608	7,096	2,068	3,074	24,688	64,746
Water	-	3,556	18,895	784	842	672	14,877	38,403
	<u>-</u>	<u>55,900</u>	<u>59,385</u>	<u>9,276</u>	<u>3,027</u>	<u>10,071</u>	<u>68,914</u>	<u>152,710</u>
Ordinary maintenance and operations:								
Contract costs	387,327	24,221	87,483	9,610	6,142	6,561	62,439	133,894
Employee benefit contributions	-	12,576	21,308	1,646	2,147	2,181	14,381	39,571
Maintenance and operations wages	-	35,654	61,558	3,167	3,706	4,346	38,362	103,240
Materials and other	12,935	5,604	28,807	1,868	1,640	2,455	8,181	26,669
	<u>400,262</u>	<u>78,055</u>	<u>199,156</u>	<u>16,291</u>	<u>13,635</u>	<u>15,543</u>	<u>123,363</u>	<u>303,374</u>
General expenses:								
Depreciation and amortization	8,760	43,541	262,427	16,703	16,811	7,953	78,367	403,985
Housing assistance payments	24,312,185	-	-	-	-	-	-	-
Insurance premiums	12,881	5,915	15,402	1,017	630	455	7,759	15,701
Other general expenses	60,619	9,515	8,246	522	2,082	-	14,448	4,749
Protective services contract costs	-	498	144	-	-	-	432	602
Payments in lieu of taxes	-	968	9,230	-	-	-	1,499	2,641
	<u>24,394,445</u>	<u>60,437</u>	<u>295,449</u>	<u>18,242</u>	<u>19,523</u>	<u>8,408</u>	<u>102,505</u>	<u>427,678</u>
Total operating expenses	<u>27,422,807</u>	<u>307,989</u>	<u>721,697</u>	<u>64,640</u>	<u>45,355</u>	<u>46,069</u>	<u>387,257</u>	<u>1,073,203</u>
Operating Gain (Loss)	1,126,997	(49,964)	(259,009)	(4,425)	(17,704)	(8,053)	172,531	173,980
Nonoperating Revenue (Expenses):								
Gain (loss) on sale of capital assets	-	-	(210)	-	-	-	-	(35)
Interest expense	-	-	-	-	-	-	(163,916)	(429,841)
Interest subsidy	-	-	-	-	-	-	-	-
Amortization of bond issuance costs	-	-	-	-	-	-	(6,394)	(13,614)
Investment revenue - restricted	6,599	-	-	-	-	-	1	-
Investment revenue - unrestricted	2,020	334	1,738	217	27	96	229	3,736
	<u>8,619</u>	<u>334</u>	<u>1,528</u>	<u>217</u>	<u>27</u>	<u>96</u>	<u>(170,080)</u>	<u>(439,754)</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, & Transfers	1,135,616	(49,630)	(257,481)	(4,208)	(17,677)	(7,957)	2,451	(265,774)
Transfers & Prior Period Adjustments	-	-	35,255	-	-	-	-	-
Capital grants	-	95,496	430,591	-	-	-	-	-
Total Change in Net Assets	1,135,616	45,866	208,365	(4,208)	(17,677)	(7,957)	2,451	(265,774)
Net Assets, Beginning of Year	2,800,057	747,864	3,452,992	77,672	287,503	(20,658)	(275,999)	(955,849)
Net Assets, End of Year	\$ 3,935,673	\$ 793,730	\$ 3,661,357	\$ 73,464	\$ 269,826	\$ (28,615)	\$ (273,548)	\$ (1,221,623)

The notes to the financial statements are an integral part of these statements

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Unrestricted Reserve	Subtotal	Eliminating Entries	Total
\$ 448,593	\$ 79,415	\$ 97,823	\$ 117,321	\$ 214,796	\$ -	\$ -	\$ 3,135,454	\$ -	\$ 3,135,454
-	147,261	-	-	-	-	-	28,973,357	-	28,973,357
-	-	-	-	-	822,054	-	822,054	-	822,054
26,365	12,151	3,964	4,146	6,725	-	-	151,155	-	151,155
-	7,938	-	-	-	-	1,889,275	1,999,177	(1,378,342)	620,835
474,958	246,765	101,787	121,467	221,521	822,054	1,889,275	35,081,197	(1,378,342)	33,702,855
17,039	27,163	6,099	5,533	22,130	23,988	930,326	2,190,061	-	2,190,061
-	-	-	-	25	-	7,036	43,924	-	43,924
8,734	14,436	2,134	2,137	8,776	9,026	269,125	761,409	-	761,409
24,840	16,744	7,383	8,017	17,644	-	-	1,429,363	(1,342,039)	87,324
19,990	12,233	2,028	4,609	8,089	30,743	241,937	552,158	-	552,158
15	104	-	155	-	-	-	4,691	-	4,691
70,618	70,680	17,644	20,451	56,664	63,757	1,448,424	4,981,606	(1,342,039)	3,639,567
11,964	38,767	1,798	7,229	5,897	-	-	154,650	-	154,650
1,244	671	-	2,252	314	-	-	33,007	-	33,007
37,699	21,400	7,412	12,523	21,667	-	-	264,434	-	264,434
6,587	640	2,730	3,106	6,738	-	-	97,830	-	97,830
57,494	61,478	11,940	25,110	34,616	-	-	549,921	-	549,921
28,279	27,170	11,029	12,384	22,050	2,215	177,185	997,989	(36,303)	961,686
15,203	13,484	1,179	1,989	7,471	-	27,867	161,003	-	161,003
29,658	25,372	3,371	5,148	18,840	-	96,330	428,752	-	428,752
10,163	6,403	1,446	1,298	5,200	154	6,537	119,360	-	119,360
83,303	72,429	17,025	20,819	53,561	2,369	307,919	1,707,104	(36,303)	1,670,801
136,483	67,397	33,499	20,227	35,142	-	96,084	1,227,379	-	1,227,379
-	-	-	-	-	763,290	-	25,075,475	-	25,075,475
7,732	2,985	1,435	2,364	5,038	-	6,669	85,983	-	85,983
15,080	1,782	(611)	4,193	968	160	28,694	150,447	-	150,447
442	1,215	36	163	147	-	-	3,679	-	3,679
-	-	370	-	-	-	-	14,708	-	14,708
159,737	73,379	34,729	26,947	41,295	763,450	131,447	26,557,671	-	26,557,671
371,152	277,966	81,338	93,327	186,136	829,576	1,887,790	33,796,302	(1,378,342)	32,417,960
103,806	(31,201)	20,449	28,140	35,385	(7,522)	1,485	1,284,895	-	1,284,895
-	-	-	-	-	-	-	(245)	-	(245)
(136,028)	(29,482)	(31,724)	(66,969)	(106,858)	-	(23,562)	(988,380)	3,290	(985,090)
-	-	-	15,874	28,873	-	-	44,747	-	44,747
-	-	-	(574)	(670)	-	-	(21,252)	-	(21,252)
52	-	-	-	-	-	-	6,652	-	6,652
115	64	36	534	1,197	-	9,937	20,280	(3,290)	16,990
(135,861)	(29,418)	(31,688)	(51,135)	(77,458)	-	(13,625)	(938,198)	-	(938,198)
(32,055)	(60,619)	(11,239)	(22,995)	(42,073)	(7,522)	(12,140)	346,697	-	346,697
-	-	-	-	-	4,091	(39,346)	-	-	-
-	-	-	-	-	-	-	526,087	-	526,087
(32,055)	(60,619)	(11,239)	(22,995)	(42,073)	(3,431)	(51,486)	872,784	-	872,784
(555,219)	(370,835)	(55,493)	-	-	(21,321)	2,478,954	7,589,668	-	7,589,668
\$ (587,274)	\$ (431,454)	\$ (66,732)	\$ (22,995)	\$ (42,073)	\$ (24,752)	\$ 2,427,468	\$ 8,462,452	\$ -	\$ 8,462,452

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority

Combining Statement of Cash Flows

	Section 8	Low Rent- Parsons Apts	Low Rent- Scattered Sites	Courtview Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
Cash Flows from Operating Activities:								
Receipts from tenants and others	\$ -	\$ 122,951	\$ 220,918	\$ 60,239	\$ 27,740	\$ 38,016	\$ 554,241	\$ 1,232,435
Payments to employees	(1,359,284)	(103,766)	(158,407)	(17,432)	(9,132)	(12,762)	(77,110)	(224,575)
Housing assistance payments	(24,312,185)	-	-	-	-	-	-	-
Payments from other govt entities	28,603,298	107,052	155,342	-	-	-	-	-
Payments to vendors and suppliers	(1,721,207)	(201,597)	(383,356)	(30,249)	(18,625)	(25,054)	(228,502)	(445,992)
Other receipts	58,634	10,104	32,605	1	-	-	-	620
Net cash provided by (used by) operating activities	1,269,256	(65,256)	(132,898)	12,559	(17)	200	248,629	562,488
Cash Flows from Noncapital Financing Activities:								
Intergovernmental grants and contracts	-	-	-	-	-	-	-	-
Operating grants paid to other funds	-	-	-	-	-	-	-	-
Equity transfer	-	-	35,255	-	-	-	-	-
Principal received on operating debt	-	-	-	-	-	-	-	-
Payments (to) from related parties	19,024	28,584	(43,940)	329	3,978	(250)	7,642	12,061
Net cash provided by (used by) noncapital financing activities	19,024	28,584	(8,685)	329	3,978	(250)	7,642	12,061
Cash Flows from Capital and Related Financing Activities:								
Increase in other long-term liabilities	-	-	-	-	-	-	-	-
Capital grants received	-	95,496	430,591	-	-	-	-	-
Purchases of capital assets	(6,652)	(95,495)	(392,064)	(2,058)	-	(1,117)	(23,238)	(105,205)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-	(58,244)	(150,764)
Proceeds from capital debt	-	-	-	-	-	-	-	-
Capital Debt Interest Subsidy Received	-	-	-	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-	-	(165,546)	(396,933)
Net cash provided by (used by) Capital and Related Financing Activities	(6,652)	1	38,527	(2,058)	-	(1,117)	(247,028)	(652,902)
Cash Flows from Investing Activities:								
Interest received	8,619	334	1,738	217	27	96	230	3,736
Net cash provided by investing activities	8,619	334	1,738	217	27	96	230	3,736
Net Increase (Decrease) in Cash and Cash Equivalents	1,290,247	(36,337)	(101,318)	11,047	3,988	(1,071)	9,473	(74,617)
Cash and Cash Equivalents, Beginning of Year	3,365,494	168,492	644,098	78,545	11,988	46,370	487,973	1,137,098
Cash and Cash Equivalents, End of Year	\$ 4,655,741	\$ 132,155	\$ 542,780	\$ 89,592	\$ 15,976	\$ 45,299	\$ 497,446	\$ 1,062,481
Cash and Cash Equivalents consist of:								
Cash - unrestricted	\$ 840,289	\$ 122,149	\$ 520,790	\$ 85,767	\$ 14,776	\$ 45,299	\$ 165,465	\$ 414,682
Cash - other restricted	3,815,452	-	-	-	-	-	-	13,833
Cash - tenant security deposits	-	10,006	21,990	3,825	1,200	-	29,775	75,968
Cash debt service reserve	-	-	-	-	-	-	302,206	557,998
	\$ 4,655,741	\$ 132,155	\$ 542,780	\$ 89,592	\$ 15,976	\$ 45,299	\$ 497,446	\$ 1,062,481

The notes to the financial statements are an integral part of these statements

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Unrestricted Reserve	Subtotal	Eliminating Entries	Total
\$ 471,837 (70,634)	\$ 73,660 (80,455)	\$ 101,427 (12,783)	\$ 135,547 (14,807)	\$ 252,821 (57,217)	\$ - (33,014)	\$ - (1,320,412)	\$ 3,291,832 (3,551,790)	\$ - -	\$ 3,291,832 (3,551,790)
-	-	-	-	-	(763,290)	-	(25,075,475)	-	(25,075,475)
-	147,261	-	-	-	845,694	-	29,858,647	-	29,858,647
(158,535)	(129,059)	(28,816)	(41,694)	(88,796)	(34,068)	(476,129)	(4,011,679)	1,378,342	(2,633,337)
-	7,938	-	-	-	-	2,078,624	2,188,526	(1,378,342)	810,184
242,668	19,345	59,828	79,046	106,808	15,322	282,083	2,700,061	-	2,700,061
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	4,091	(39,346)	-	-	-
-	-	-	-	-	-	112,725	112,725	(70,085)	42,640
9,670	21,613	959	13,838	38,543	(19,413)	216,608	309,246	-	309,246
9,670	21,613	959	13,838	38,543	(15,322)	289,987	421,971	(70,085)	351,886
-	-	-	357,709	613,635	-	-	971,344	-	971,344
-	-	-	-	-	-	-	526,087	-	526,087
(169,012)	(12,061)	(16,929)	(1,769,129)	(3,155,569)	-	(144,783)	(5,893,312)	-	(5,893,312)
-	-	-	-	-	-	-	-	-	-
(73,381)	(19,880)	(16,984)	(4,426)	(8,050)	-	(283,612)	(615,341)	70,085	(545,256)
82,000	4,777	-	1,947,895	3,529,125	-	-	5,563,797	-	5,563,797
-	-	-	10,254	18,651	-	-	28,905	-	28,905
(136,410)	(28,946)	(31,724)	(66,969)	(106,858)	-	(23,562)	(956,948)	1,308	(955,640)
(296,803)	(56,110)	(65,637)	475,334	890,934	-	(451,957)	(375,468)	71,393	(304,075)
167	64	36	534	1,197	-	7,955	24,950	(1,308)	23,642
167	64	36	534	1,197	-	7,955	24,950	(1,308)	23,642
(44,298)	(15,088)	(4,814)	568,752	1,037,482	-	128,068	2,771,514	-	2,771,514
506,386	108,244	23,872	-	-	-	1,145,333	7,723,893	-	7,723,893
\$ 462,088	\$ 93,156	\$ 19,058	\$ 568,752	\$ 1,037,482	\$ -	\$ 1,273,401	\$ 10,495,407	\$ -	\$ 10,495,407
\$ 96,122	\$ 85,660	\$ 12,370	\$ 240,992	\$ 361,183	\$ -	\$ 1,273,401	\$ 4,278,945	\$ -	\$ 4,278,945
-	-	-	311,751	645,454	-	-	4,786,490	-	4,786,490
30,935	7,496	6,688	16,009	30,845	-	-	234,737	-	234,737
335,031	-	-	-	-	-	-	1,195,235	-	1,195,235
\$ 462,088	\$ 93,156	\$ 19,058	\$ 568,752	\$ 1,037,482	\$ -	\$ 1,273,401	\$ 10,495,407	\$ -	\$ 10,495,407

The notes to the financial statements are an integral part of these statements

	Section 8	Low Rent- Parsons Apts	Low Rent- Scattered Sites	Courtview Apts	Sharon Lord Apts	Newark Apts	Woodhaven Apts	Valley 206 Apts
<i>Reconciliation of Net Loss to Net Cash from Operating Activities:</i>								
Net operating loss	\$ 1,126,997	\$ (49,964)	\$ (259,009)	\$ (4,425)	\$ (17,704)	\$ (8,053)	\$ 172,531	\$ 173,980
<i>Adjustments to Reconcile Net Loss to Net Cash used in Operating</i>								
<i>Activities:</i>								
Depreciation and amortization	8,760	43,541	262,427	16,703	16,811	7,953	78,367	403,985
<i>Increase (decrease) in cash due to changes in assets and liabilities:</i>								
Receivables	90,121	(17,896)	(76,424)	(76)	504	-	(200)	(8,275)
Prepaid expenses	12,880	5,813	13,986	1,017	631	455	10,956	(162)
Inventories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	(3,197)	1
Accounts payable	13,761	6,793	(63,983)	(690)	518	(162)	(4,481)	(1,204)
Accrued wages and taxes payable	-	-	-	-	-	-	-	-
Deferred revenue	(1,707)	(631)	2,039	25	(115)	-	(3,118)	(4,421)
Compensated absences	(5,373)	(3,371)	(5,057)	-	-	-	-	-
Other current liabilities	103	(50,150)	(7,279)	5	(362)	7	576	16
Accounts payable - other government	23,714	-	-	-	-	-	-	-
Tenant security deposits	-	609	402	-	(300)	-	(2,805)	(1,432)
Net adjustments	142,259	(15,292)	126,111	16,984	17,687	8,253	76,098	388,508
<i>Net Cash from Operating Activities</i>	<u>\$ 1,269,256</u>	<u>\$ (65,256)</u>	<u>\$ (132,898)</u>	<u>\$ 12,559</u>	<u>\$ (17)</u>	<u>\$ 200</u>	<u>\$ 248,629</u>	<u>\$ 562,488</u>

Non-Cash Investing and Financing Activities:

During the year-ended June 30, 2011 the Heritage Heights Apartments and Westfall Village Apartments Limited Partnerships sold the Projects and all other assets of the Partnerships to the General Partner (Spokane Housing Authority), resulting in non-cash transactions, which are disclosed in Note 15.

The notes to the financial statements are an integral part of these statements

Cedar West Apts	Hifumi En Apts	McDonald Manor	Heritage Heights	Westfall Village	Grants	Unrestricted Reserve	Subtotal	Eliminating Entries	Total
\$ 103,806	\$ (31,201)	\$ 20,449	\$ 28,140	\$ 35,385	\$ (7,522)	\$ 1,485	\$ 1,284,895	\$ -	\$ 1,284,895
136,483	67,397	33,499	20,227	35,142	-	96,084	1,227,379	-	1,227,379
(1,253)	254,349	(2,065)	(16,032)	(11,503)	19,084	106,886	337,220	-	337,220
7,732	2,985	1,434	(2,505)	(4,459)	-	(33,207)	17,556	-	17,556
-	-	-	-	-	-	5,892	5,892	-	5,892
-	-	-	-	-	-	105,800	102,604	-	102,604
(9,535)	(257,277)	3,525	32,114	18,797	(796)	(7,368)	(269,988)	-	(269,988)
-	-	-	-	-	-	2,058	2,058	-	2,058
(2,518)	(12,490)	969	994	2,601	4,556	-	(13,816)	-	(13,816)
-	-	-	-	-	-	1,178	(12,623)	-	(12,623)
7,608	(3,953)	1,281	99	-	-	3,275	(48,774)	-	(48,774)
-	-	-	-	-	-	-	23,714	-	23,714
345	(465)	736	16,009	30,845	-	-	43,944	-	43,944
138,862	50,546	39,379	50,906	71,423	22,844	280,598	1,415,166	-	1,415,166
\$ 242,668	\$ 19,345	\$ 59,828	\$ 79,046	\$ 106,808	\$ 15,322	\$ 282,083	\$ 2,700,061	\$ -	\$ 2,700,061

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Combining Statement of Net Assets – Component Units
December 31, 2010

	Cornerstone Courtyard	The Pearl on Adams	Heritage Heights	Westfall Village Apartments	Agnes Kehoe Place	Total
Assets						
<i>Current Assets:</i>						
Cash - unrestricted	\$ 11,970	\$ 288,381	\$ -	\$ -	\$ 865	\$ 301,216
Receivables, net of allowance	9,423	5,038	-	-	-	14,461
Prepaid expenses and other assets	1,226	4,551	-	-	-	5,777
Interprogram due from	1,464	-	-	-	-	1,464
	24,083	297,970	-	-	865	322,918
<i>Restricted Assets:</i>						
Cash - other restricted	186,606	517,224	-	-	-	703,830
Cash - tenant security deposits	13,350	10,650	-	-	-	24,000
Total current assets	224,039	825,844	-	-	865	1,050,748
<i>Noncurrent assets</i>						
Capital assets:						
Land	285,532	225,835	-	-	112,500	623,867
Buildings and equipment	10,442,344	6,702,274	-	-	538,500	17,683,118
Furniture, equipment and machinery-dwellings	132,787	88,452	-	-	-	221,239
Furniture, equipment and machinery-admin	76,068	20,743	-	-	-	96,811
Leasehold improvements	33,846	87,832	-	-	-	121,678
Construction in progress	-	-	-	-	1,710,307	1,710,307
Less: accumulated depreciation	(1,217,189)	(304,830)	-	-	-	(1,522,019)
Other noncurrent assets	183,067	127,418	-	-	-	310,485
Total noncurrent assets	9,936,455	6,947,724	-	-	2,361,307	19,245,486
Total assets	\$ 10,160,494	\$ 7,773,568	\$ -	\$ -	\$ 2,362,172	\$ 20,296,234
Liabilities and Net Assets						
<i>Current Liabilities:</i>						
Accounts payable	\$ 28,002	\$ 13,136	\$ -	\$ -	\$ 299,093	\$ 340,231
Tenant security deposits	13,350	10,650	-	-	-	24,000
Deferred revenue	1,672	1,407	-	-	-	3,079
Other current liabilities	-	309,213	-	-	38,097	347,310
Current portion long-term debt	35,000	15,000	-	-	119,911	169,911
Interprogram due to	37,533	5,689	-	-	1,160	44,382
Total current liabilities	115,557	355,095	-	-	458,261	928,913
<i>Noncurrent Liabilities:</i>						
Long-term debt, net of current	1,798,476	1,080,000	-	-	1,603,046	4,481,522
Noncurrent liabilities - other	69,216	3,500	-	-	-	72,716
Total noncurrent liabilities	1,867,692	1,083,500	-	-	1,603,046	4,554,238
Total liabilities	\$ 1,983,249	\$ 1,438,595	\$ -	\$ -	\$ 2,061,307	\$ 5,483,151
<i>Net Assets:</i>						
Invested in capital assets, net of related debt	7,919,912	5,725,306	-	-	638,350	14,283,568
Restricted net assets						
Project reserves	-	68,188	-	-	-	68,188
Replacement reserves	52,347	89,062	-	-	-	141,409
Operating reserves	134,259	259,998	-	-	-	394,257
Services reserves	-	99,976	-	-	-	99,976
Unrestricted net assets	70,727	92,443	-	-	(337,485)	(174,315)
Total net assets	\$ 8,177,245	\$ 6,334,973	\$ -	\$ -	\$ 300,865	\$ 14,813,083

Spokane Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Assets – Component Units
For the year ended December 31, 2010

	Cornerstone Courtyard	The Pearl on Adams	Heritage Heights	Westfall Village Apartments	Agnes Kehoe Place	Total
<i>Operating Revenue:</i>						
Tenant revenue	\$ 294,898	\$ 169,717	\$ 232,946	\$ 423,069	\$ -	\$ 1,120,630
Other tenant revenue	20,254	10,516	4,457	12,896	-	48,123
Other revenue	309	1	-	-	-	310
Total operating revenue	315,461	180,234	237,403	435,965	-	1,169,063
<i>Operating Expenses:</i>						
Administrative:						
Administrative wages	23,771	17,126	7,606	30,474	-	78,977
Auditing Fees	8,675	17,825	9,025	11,500	-	47,025
Employee benefit contributions	7,398	5,273	2,562	10,654	-	25,887
Management & bookkeeping fees	24,385	12,264	15,669	27,783	-	80,101
Other operating - administrative	38,327	75,720	7,994	18,568	-	140,609
Tenant services	31	31	163	112	-	337
	102,587	128,239	43,019	99,091	-	372,936
Utilities:						
Electricity	21,382	9,491	11,703	6,812	-	49,388
Other utilities expense	12,455	3,524	4,394	1,031	-	21,404
Sewer	24,058	13,782	17,512	30,297	-	85,649
Water	2,908	951	2,953	5,775	-	12,587
	60,803	27,748	36,562	43,915	-	169,028
Ordinary maintenance and operations:						
Contract Costs	33,240	14,776	21,797	48,362	-	118,175
Employee benefit contributions	7,578	4,472	2,023	8,108	-	22,181
Maintenance and operations wages	23,949	14,524	6,005	23,191	-	67,669
Materials and other	6,569	1,030	3,140	15,743	-	26,482
	71,336	34,802	32,965	95,404	-	234,507
General expenses:						
Depreciation and amortization	438,403	279,203	84,629	162,523	-	964,758
Insurance premiums	12,462	967	7,497	19,071	-	39,997
Other general expenses	11,431	5,279	124	3,932	-	20,766
Protective services contract costs	1,341	1,854	-	252	-	3,447
	463,637	287,303	92,250	185,778	-	1,028,968
Total operating expenses	698,363	478,092	204,796	424,188	-	1,805,439
<i>Operating Gain (Loss)</i>	\$ (382,902)	\$ (297,858)	\$ 32,607	\$ 11,777	\$ -	\$ (636,376)

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Assets – Component Units (continued)

For the year ended December 31, 2010

<i>Operating Gain (Loss)</i>	\$ (382,902)	\$ (297,858)	\$ 32,607	\$ 11,777	\$ -	\$ (636,376)
<i>Nonoperating Revenue (Expenses):</i>						
Interest and investment revenue	679	176	489	998	-	2,342
Interest expense	(16,457)	(103,497)	(77,101)	(115,516)	-	(312,571)
Total nonoperating revenue (expenses)	(15,778)	(103,321)	(76,612)	(114,518)	-	(310,229)
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	(398,680)	(401,179)	(44,005)	(102,741)	-	(946,605)
Special Items Gain (Loss)	-	-	(241,875)	(767,970)	-	(1,009,845)
Transfers & Prior Period Adjustments	-	-	(99)	-	-	(99)
Capital grants	-	6,801,227	-	-	300,865	7,102,092
<i>Total Change in Net Assets</i>	(398,680)	6,400,048	(285,979)	(870,711)	300,865	5,145,543
<i>Net Assets, Beginning of Year</i>	8,575,925	(65,075)	285,979	870,711	-	9,667,540
<i>Net Assets, End of Year</i>	<u>\$ 8,177,245</u>	<u>\$ 6,334,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,865</u>	<u>\$ 14,813,083</u>

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Combining Statement of Cash Flows – Component Units
For the year ended December 31, 2010

	Cornerstone Courtyard	The Pearl on Adams	Heritage Heights	Westfall Village Apts	Agnes Kehoe Place	Total
<i>Cash Flows from Operating Activities:</i>						
Receipts from tenants and others	\$ 310,543	\$ 184,343	\$ 236,151	\$ 431,098	\$ -	\$ 1,162,135
Payments to employees	(62,696)	(41,395)	(18,196)	(72,427)	-	(194,714)
Payments to vendors and suppliers	(195,056)	(180,623)	(99,995)	(215,333)	-	(691,007)
Net cash provided by (used by) operating activities	52,791	(37,675)	117,960	143,338	-	276,414
<i>Cash Flows from Noncapital Financing Activities:</i>						
Payments (to) from related parties	272	8,426	(1,501)	393	-	7,590
Net cash provided by noncapital financing activities	272	8,426	(1,501)	393	-	7,590
<i>Cash Flows from Capital and Related Financing Activities:</i>						
Increase in other long-term liabilities	17,500	-	-	-	-	17,500
Payments related to long-term liabilities	-	-	-	-	-	-
Payment (to) from affiliates	(2,500)	(157,555)	(67,452)	(10,000)	(31,347)	(268,854)
Capital contribution (distribution)	-	-	-	-	-	-
Developer fees (paid) received	-	(135,618)	(31,050)	-	-	(166,668)
Capital grants received	-	6,801,227	-	-	300,865	7,102,092
Purchases of capital assets	(3,800)	(334,565)	(13,689)	(18,622)	(1,288,391)	(1,659,067)
Sale of capital assets	-	-	1,126,999	1,941,920	-	3,068,919
Proceeds from capital debt	-	365,778	-	-	1,019,738	1,385,516
Principal paid on capital debt	(35,001)	(5,585,920)	(1,181,225)	(2,303,474)	-	(9,105,620)
Interest paid on capital debt	(16,765)	(113,683)	(154,496)	(88,345)	-	(373,289)
Net cash provided by (used by) Capital and Related Financing Activities	(40,566)	839,664	(320,913)	(478,521)	865	529
<i>Cash Flows from Investing Activities:</i>						
Interest received	679	176	489	998	-	2,342
Net cash provided by investing activities	679	176	489	998	-	2,342
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	13,176	810,591	(203,965)	(333,792)	865	286,875
<i>Cash and Cash Equivalents, Beginning of Year</i>	198,750	5,664	203,965	333,792	-	742,171
<i>Cash and Cash Equivalents, End of Year</i>	\$ 211,926	\$ 816,255	\$ -	\$ -	\$ 865	\$ 1,029,046
<i>Cash and Cash Equivalents consist of:</i>						
Cash - unrestricted	\$ 11,970	\$ 288,381	\$ -	\$ -	\$ 865	\$ 301,216
Cash - other restricted	186,606	517,224	-	-	-	703,830
Cash - tenant security deposits	13,350	10,650	-	-	-	24,000
Cash debt service reserve	-	-	-	-	-	-
	\$ 211,926	\$ 816,255	\$ -	\$ -	\$ 865	\$ 1,029,046

The notes to the financial statements are an integral part of these statements

Spokane Housing Authority
Combining Statement of Cash Flows – Component Units
For the year ended December 31, 2010

	Cornerstone Courtyard	The Pearl on Adams	Heritage Heights	Westfall Village Apartments	Agnes Kehoe Place	Total
<i>Reconciliation of Operating Gain (Loss) to Net Cash from Operating Activities:</i>						
Net operating Gain (Loss)	\$ (382,902)	\$ (297,858)	\$ 32,607	\$ 11,777	\$ -	\$ (636,376)
<i>Adjustments to Reconcile Operating Gain (Loss) to Net Cash provided by (used by) Operating Activities:</i>						
Depreciation and amortization	438,403	279,203	84,629	162,523	-	964,758
Increase (decrease) in cash due to changes in assets and liabilities:						
Receivables	(3,772)	(3,117)	(932)	(8,904)	-	(16,725)
Prepaid expenses	310	(4,551)	5,865	6,756	-	8,380
Accounts payable	1,898	(19,627)	(3,889)	(21,354)	-	(42,972)
Deferred revenue	(276)	1,334	(640)	(4,998)	-	(4,580)
Accrued liabilities - other	-	-	-	-	-	-
Other current liabilities	-	-	-	(2,861)	-	(2,861)
Tenant security deposits	(870)	6,941	320	399	-	6,790
Net adjustments	435,693	260,183	85,353	131,561	-	912,790
<i>Net Cash provided by (used by) Operating Activities</i>	<u>\$ 52,791</u>	<u>\$ (37,675)</u>	<u>\$ 117,960</u>	<u>\$ 143,338</u>	<u>\$ -</u>	<u>\$ 276,414</u>

Non-Cash Investing and Financing Activities:

During the year-ended June 30, 2011 the Heritage Heights Apartments and Westfall Village Apartments Limited Partnerships sold the Projects and all other assets of the Partnerships to the General Partner (Spokane Housing Authority), resulting in non-cash transactions, which are disclosed in Note 15.

The notes to the financial statements are an integral part of these statements



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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